

CAI  
CC  
-84 E13

600-100

AN ECONOMIC IMPACT ASSESSMENT OF  
THE CANADIAN FINE ARTS

An Arts Research Monograph  
presented at

The Third International Conference  
on Cultural Economics & Planning

Quaker State Hilton  
Akron, Ohio  
April 1984

Harry Chartrand  
Research Director  
Canada Council  
Feb. 1, 1984



Digitized by the Internet Archive  
in 2022 with funding from  
University of Toronto

<https://archive.org/details/31761114654973>

CAN  
CC  
- 84 E/3

600-100

**AN ECONOMIC IMPACT ASSESSMENT OF  
THE CANADIAN FINE ARTS**

An Arts Research Monograph  
presented at  
The Third International Conference  
on Cultural Economics & Planning  
Quaker State Hilton  
Akron, Ohio  
April 1984

Harry Chartrand  
Research Director  
Canada Council  
Feb. 1, 1984



**AN ECONOMIC IMPACT ASSESSMENT OF  
THE CANADIAN FINE ARTS**

**Table of Contents**

	<b>Page</b>
<b>Introduction</b>	1
<b>Institutionalist Perspective</b>	1
<b>Nature of the Arts</b>	2
Linguistics	2
Neurophysiology	3
Anthropology	4
Psychology	5
<b>Contemporary Arts</b>	7
Fine Arts	7
Commercial Arts	8
Amateur Arts	8
Interrelation	8
<b>Types of Impact and Evidence</b>	8
<b>Acknowledgements</b>	10
 <b>I. PRIMARY IMPACT</b>	 11
<b>Production</b>	11
Size of the Arts Industry	11
Size of the Fine Arts	11
Fine Arts as R&D	13
Concentration	15
By Company Size	15
By Region	15
By Major Urban Area	15
Inflation	18
Taxation	19
<b>Consumption</b>	20
Personal Cultural Expenditure	20
Box Office Audience	20
Merit Audience	23
Corporate & Private Donors	23
Modes of Public Support	25
Tri-Level Cultural Expenditure	25
Federal Support	26
Provincial Support	26
Local Support	28
Lotteries	28

**Table of Contents**  
(cont'd)

	Page
<b>1. PRIMARY IMPACT (cont'd)</b>	
<b>Employment</b>	31
Arts Labour Force	31
Artists	31
Demand	33
Professionalism	33
Unionism	35
Efficiency	37
Taxation	38
<b>Capital</b>	40
Facilities	40
Repertoire	42
Copyright	43
New Technologies	44
<b>2. SECONDARY IMPACT</b>	48
<b>Income Multiplier Effect</b>	48
The Arts Industry	48
The Fine Arts	48
<b>Design &amp; Marketing</b>	49
Consumer Behaviour	49
Advertising	51
Market Research	51
Sponsorships	52
Narrowcasting	53
<b>Industrial Location</b>	53
High Tech	53
Urban Revitalization	54
Artists' Colonies	54
<b>External Trade</b>	55
Import Substitution	55
Cultural Tourism	55
Export Loss Leader	56
Transborder Data Flows	57

**Table of Contents  
(cont'd)**

	Page
<b>3. TERTIARY IMPACT</b>	58
<b>Invention, Innovation &amp; Diffusion</b>	58
Creativity	58
Avant-Garde	59
<b>Productivity</b>	60
X-Efficiency	60
Employment/Productivity Trade-Off	61
<b>Industrial Structure</b>	62
Entrepreneurial Business Enterprise	62
Binary Market Motivation	63
<b>Volunteerism</b>	64
The Amateur Arts	65
The Fine Arts	65
Social Mobilization	65
<b>4. QUATERNARY IMPACT</b>	67
<b>Quality of Life</b>	67
<b>Cultural Identity</b>	68
<b>Cultural Pluralism</b>	69
<b>Alternative Economic Futures</b>	70
Critical Scenarios	71
The Evolutionary Scenarios	72
<b>5. SUMMARY</b>	76
Primary Impact	77
Secondary Impact	79
Tertiary Impact	80
Quaternary Impact	81
Footnotes	82
References	83

### List of Tables

		<b>Page</b>
Table 1	Production in the Performing Arts 1971 and 1980	12
Table 2	Fine Arts Organizations Supported by the Canada Council between 1972-73 and 1981-82	14
Table 3	Regional Concentration in the Performing Arts 1971 and 1980	16
Table 4	Urban Concentration in the Performing Arts 1971 and 1980	17
Table 5	Growth in the Fine Arts Audience 1961 to 2000	21
Table 6	Growth in the Fine Arts Audience in the Labour Force 1977 to 2000	21
Table 7	Growth in Fine Arts Participation Rates 1961 to 2000	22
Table 8	Rank Order of Support to Performing Arts Companies by the Canada Council, the Provinces and the Private Sector 1980	24
Table 9	Tri-Level Cultural Expenditure 1979-80	27
Table 10	Lottery Support to the Arts June 1981	30
Table 11	Growth in the Experienced Arts Labour Force by Industry 1971 to 1981	32
Table 11b	Arts Industry Labour Force by Occupation and Sex 1981	32b
Table 12	Growth in the Experienced Arts Labour Force by Occupation 1971 to 1981	34
Table 13	Adult Population by Arts Labour Force Activity, Occupation and Sex 1981	34b
Table 14	Experienced Arts Labour Force by Level of Education & Occupation 1981	36
Table 15	Experienced Arts Labour Force by Age Group & Occupation 1981	36b
Table 16	Union Membership in the Arts Industry 1980	37
Table 17	Performing Arts Facilities by Province 1981	40
Table 18	Corporate Sponsorships of Fine Arts Activities	52

## **Introduction**

0.01 This arts research monograph is intended as an assessment of the economic impact of the Canadian fine arts. In the process, however, it is hoped that fresh insight into the nature of the contemporary economy will also be provided. This introduction provides definition of the methodology used, the nature of the arts, the types of contemporary art as well as the types of economic impacts considered and the forms of evidence presented. The opinions expressed in this monograph are those of the author and do not necessarily reflect the policies or opinions of the Canada Council.

### **Institutionalist Perspective**

0.02 The monograph has been developed from the perspective of "institutional" economics. To an institutionalist all economic activity is subject to the rule of law and the specific cultural and social setting of a given economy (Commons, 1957, 1959). Maximizing behaviour in the institutionalist tradition embraces human values in general, not just monetary value, which does, however, remain the most convenient common denominator for choice in a world of scarcity.

0.03 Legal and cultural relativism is also an integral part of the work of Canadian economist Harold Innis, who was an "institutionalist" in fact if not in name (Innis, 1950, 1951).

Innis recognized that all scholarship must be grounded in the analysis of the radical particularities of time and place, history and geography. However, scholars that adopted natural science models suggested that they were expounding, like physical scientists, laws that were universal, that held without regard to time, place, and circumstance (Carey, 1981, 79).

0.04 In the institutionalist tradition, and in keeping with the phenomena under investigation, an inductive interdisciplinary method is used. Descriptive statistics and expert opinion are marshalled as evidence in contrast to model building and deduction of conventional economics. The assessment is concerned with the range and scope of economic impacts, i.e., it is a synthetic survey. It does not provide detailed analysis of particular impacts nor cardinal ordering of such impacts. Rather it provides an ordinal framework for ranking impacts. Furthermore evidence has been collected, compiled and developed by the author over a number of years working in what can be called applied cultural economics (Boulding, 1972). The experience and bias of the author is thus the fibre from which the monograph has been woven.

0.05 Certain elementary facts should be kept in mind when considering the evidence presented. First, Canada is, geographically speaking, the second largest country in the world stretching from the Atlantic to the Pacific, from the North Pole to the USA. This vast space is divided into twelve provincial and territorial jurisdictions which collectively form the Canadian Confederation. These political units are generally grouped together to form six distinct regions, the Atlantic, Quebec, Ontario, Prairies, British Columbia and the northern regions of Canada. Second, in this vast country there are approximately 25 million Canadians who live and work in two official linguistic communities, i.e., English-speaking Canadians who account for approximately three-quarters of the population and French-speaking Canadians who account for the remaining quarter of the Canadian population. No consideration is given in the monograph to the distinct artistic

traditions of these two linguistic communities. Third, in addition to the official linguistic communities of Canada there is a diversity of ethnic communities, each of which maintains, to a greater or lesser extent, its artistic traditions, generally at the amateur level.

0.06 Fourth, Canada is highly urbanized with nearly one-half of the population living in nine major Census Metropolitan Areas (CMAs) which stretch like beads on a necklace across the breadth of the nation. These CMAs fall into three distinct size groups. The first tier includes the three largest metropolitan areas, Toronto (pop. 2,988,947), Montreal (pop. 2,828,349) and Vancouver (pop. 1,268,183). The second tier includes Ottawa (pop. 717,978) and Edmonton (pop. 657,057). The third includes Calgary (pop. 592,095), Winnipeg (pop. 584,842), Quebec City (pop. 576,095) and Hamilton (pop. 542,095) (Statistics Canada, 1982a). These CMAs together with their satellite communities and rural hinterlands spread out across the country and form a hierarchy of regional and national centres of excellence which collectively constitute Canadian civilization.

#### Nature of the Arts

0.07 For purposes of the monograph it is assumed that the economy is a means towards human ends while the arts are a human end in and of themselves. Thus long after all consumer goods are consumed and all capital goods depreciated, societies are remembered by their art, not by the performance of their economies.

0.08 To be an end in and of themselves, however, the arts must be deeply rooted in human behaviour. Before considering the economic impact of the arts it is appropriate to consider the basis of artistic behaviour. In effect, this review will provide an interdisciplinary foundation upon which economic impact can be assessed. The review is not definitive. Rather it is based on the author's reading and understanding of theories of the arts developed by scientists working in disciplines other than economics. Interrelated hypotheses from four disciplines are provided to describe and explain the nature of the arts. The four disciplines are linguistics, neurophysiology, anthropology and psychology.

#### Linguistics

0.09 A linguistic explanation of the arts can be derived using Chomsky's analogy of language as a genetic but abstract organ (Chomsky, 1983). Like physical organs of the body, the language organ develops through the life stages of the individual. Its capacity can be enhanced and extended through exercise just as an athlete can enhance and extend his or her physical abilities beyond that of the average person.

... all through an organism's existence, from birth to death, it passes through a series of genetically programmed changes. Plainly language growth is simply one of these predetermined changes. Language depends upon a genetic endowment that's on a par with the ones that specify the structure of our visual or circulatory systems, or determine we have arms instead of wings (Chomsky, 1983, 116).

Take for example, the aesthetic sense. We like and understand Beethoven because we are humans with a particular, genetically determined mental constitution. The same thing is as true for art as it is for science: The fact that we can understand and appreciate certain kinds of art has a flip side. There must be all kinds of domains of artistic achievement that are beyond our mind's capacities to understand. Much of the new work in art and science since (the late nineteenth century) is meaningless to the ordinary person.

Take modern music - post-Schonbergian music. Many artists say if you don't understand modern music it's because you haven't listened enough. But modern music wouldn't be accessible to me if I listened to it forever. Modern music is accessible to professionals and may be to people with a special bent but it's not accessible to the ordinary person who doesn't have a particular quirk of mind that enables him to grasp modern music let alone make him want to deal with it (Chomsky, 1983, 172).

0.10 In this sense the arts, in their creative and appreciative dimensions, are genetically "hard-wired" in humanity providing each person with an inherent artistic ability which interacts and develops with experience and exercise. Like other human faculties, the artistic ability is subject to specialization and division of labour which leads to a complexity of disciplines and sub-disciplines comparable to that in the sciences. But while in the sciences complexity and specialization has lead to popular respect for the practitioner of new fields of inquiry, in the arts the increasing level of specialization and division of labour has not led to a corresponding popular respect for the artistic expert exploring new media.

#### Neurophysiology

0.11 Recent research concerning the human brain has revealed a lateralization of brain function with profound implications for understanding artistic behaviour.

Whereas the left hemisphere is primarily responsible for traditional cognitive activities relying on verbal information, symbolic representation, sequential analysis, and on the ability to be conscious and report what is going on, the right brain - without the individual being able to report verbally about it - is more concerned with pictorial, geometric, timeless and nonverbal information (Hansen, 1981).

0.12 Drawing upon the work of Canadian neurophysiologist Wilder Penfield (Penfield, 1959, 1975), among others, Julian Jaynes (Jaynes, 1978) argues that the left-lobe speech centres, which are dominant in contemporary humanity, are paralleled by right-lobe speech centres which were, once upon a time, the active and dominant centres of consciousness. In past human societies Jaynes argues that the right-lobe centres were active forming a distinct type of consciousness he calls "the bicameral mind". According to Jaynes the speech centres of the right-lobe when activated in contemporary humanity, are, in their positive expression, the source of Saint Joan's "voices" as well as the artist's Muse or, in their negative expression, the source of various forms of schizophrenia.

0.13 In traditional "oral" cultures the arts, in the guise of chant and ritual, are used to transmit the "extra-somatic" knowledge accumulated by one generation to another (Sagan, 1977). According to Jaynes' hypothesis artistic behaviour is linked to the evolution of neurophyiological function of the brain itself.

Poetry then was divine knowledge. And after the breakdown of the bicameral mind, poetry was the sound and tenor of authorization. Poetry commanded where prose could only ask. It felt good. In the wanderings of the Hebrews after the exodus from Egypt, it was the sacred shrine that was carried before the multitude and followed by the people, but it was the poetry of Moses that determined when they would start and when stop, where they would go and where stay.

The association of rhythmical or repetitively patterned utterances with supernatural knowledge endures well into the later conscious period. Among the early Arabic peoples the word for poet was sha'ir, 'the knower', or a person endowed with knowledge by the spirits; his metered speech in recitation was the mark of its divine origin. The poet and divine seer have a long tradition of association in the ancient world, and several Indo-European languages have a common term for them. Rhyme and alliteration too were always the linguistic province of the gods and their prophets. In at least some instances of spontaneous possession, the demonic utterances are in meter. Even glossolalia today (a form of schizophrenia)... tends to fall into metrical patterns, particularly dactyls.

Poetry then was the language of gods (Jaynes, 1978, 363).

0.14 Some contemporary cultures retain a more explicit right-lobe orientation than do Western cultures. In Japan, for example, a traditional society which voluntarily transformed itself from a feudal into an industrial society (Kahn, 1971, 28), awe and mystery are still explicitly projected into art objects:

(r)eflecting this pure form of Japanese animism, objects (worshipped) by the Japanese can be quite varied. For example, a book, being a product of mental work, is regarded not merely as a material object made of paper, but as an object imbued with the author's spirit. Of course, the object of worship need not be limited to visible and concrete materials. Even a word can have a spirit (Koisumi, 1977).

#### Anthropology

0.15 The arts have always been a major focus for anthropological research. To anthropologists it is the combination of uniquely human mental and physical characteristics which make artistic behaviour possible.

The Balinese expend an amazing amount of energy in the celebration of their deities. And there is no where better to observe the potent contribution that art can make to the religious process... The complicated patterns, shapes and colours, the aesthetic element in the sacred labours help to render everything connected with the ritual more special and more impressive, not only for the deities but also for the worshippers themselves. Even the ordinary elements of life become, by this injection of art, extraordinary...

It is our awareness of the aesthetic, of the beautiful combined with the uniquely human and physical quality of manual dexterity that makes all of this possible. The human hand is a highly specialized organ. Unlike that of other primates it is capable not only of a crude power grip but also of a delicate precision grip. This characteristic in combination with the rich nerve endings in our finger tips, allows for the production of all of the fine detail seen in much of human decoration, painting and sculpture.

The highly developed aesthetic sense of all Balinese, regardless of status, could perhaps be explained by the natural human urge to express oneself combined with the plentiful leisure time the Balinese have

thanks to their highly efficient agricultural system. But perhaps most important of all is the fact that unlike many cultures the Balinese do not restrict artistic knowledge to a special intellectual or educated class so that a commoner could be as proficient an artist as an educated prince. In fact the Balinese have no words for art or artist. Making a beautiful offering, carving a temple gate or playing a musical instrument, all these (are) tasks of equal aesthetic importance produced anonymously and done entirely in the service of society and religion with no thought of personal gain (Morris, 1982).

0.16 Linking the neurophysiological evidence with the observations of anthropology one can conclude that innovation in pre-literate and traditional societies depends upon both the insight of the creator as well as his or her ability to insure the integrity of mnemonic or ritualized instruction. Cause and effect are not distinguishable except through correct enactment of ritual leading to desired result. How to "make something" and the "thing made" are mystically one. In contemporary western culture this sense of the arts is visible in "process art" (1) and is implicit in the "moral rights" of artists protected by copyright or neighbouring rights legislation in many countries.

#### Psychology

0.17 A psychological explanation of artistic behaviour can be derived from the work of Carl Gustav Jung (Jung, 1964). According to Jung there are four functions of the human psyche - thinking or intellect, intuition, feeling and sensation. Each represents a different "way of knowing". In the individual, one psychic function tends to be dominant (generally thinking or feeling), two tend to be subordinated to the dominant function (generally sensation and intuition), and the fourth tends to be unconscious but compensatory to the dominant function.

0.18 Each "way of knowing" has a unit of measure (Chartrand, 1979a). For thinking and feeling these units are "concepts" and "precepts", respectively. In the case of intuition and sensation Western culture has not yet developed a generally acceptable vocabulary beyond "intuitions" and "sensations". In the dictionary a concept is an "idea of a class of objects" (Fowler, 1970, 250) which betrays the "objective" or external orientation of the intellectual and hence the scientific process. In essence concepts are used to differentiate between "true" and "false", i.e. scientific states of knowing. The arts are based upon precepts or "moral instruction(s)" (Fowler, 1970, 957). Precepts are used to differentiate between "good" and "bad", "right" and "wrong", and "beautiful" and "ugly", i.e., emotional states of knowing. In the language of the social sciences precepts correspond to "normative values" which betray their "subjective" or emotional origins.

Whereas Art begins with desired effects and finds causes to create these effects and no others, Science starts with presumed causes and seeks effects to confirm or negate these causes. Art organizes ignorance by precepts while Science organizes knowledge by concepts (Nevitt, 1978, 7).

0.19 Like all biological phenomena, each "way of knowing" is, more or less, an open system. The relativity and permeability of alternative "ways of knowing" is evident in the social sciences which draw upon the conceptual structures and processes of the physical sciences, but depend upon precepts, i.e., normative values,

which are characteristic of the arts and humanities. This dependency upon normative values is the basis of ideology as well as the difficulty in reaching consensus concerning the use and application of social scientific research and knowledge by Western societies (Mayer, 1978) (Chartrand, 1980).

0.20 Similarly there is a lack of consensus about what constitutes "good" versus "bad" art. This results from the fundamentally subjective nature of the feeling function. There are, in fact, different and distinct sets of precepts identified by humanists and artists which can be used to differentiate good from bad art. The average citizen, however, not formally trained in "the vocabulary of the arts" generally expresses strong opinions concerning good and bad art, no matter what expert artists or humanists say. This contrasts markedly with the tendency of citizens to accept "objective" scientific truth as enunciated by the scientific community (Chomsky, 1983, 171).

0.21 Jung has established that there is a clearly recognizable system of psychic "archetypes" which embody "preceptual knowledge" and which are the common inheritance of all humanity. Archetypes crystalize out of the unconscious during the psychic development of the individual as well as in myth, fairy tales and the arts of cultures throughout time. The system of archetypes include such figures as the "Wise Old Man", the "Hero", the "Princess", the "Witch", the "Great Mother" and the "Trickster" which appear in the myths of peoples as widely spread in time and space as the ancient Celts (Layard, 1975), Greeks and Romans (Neumann, 1956), the Islamics (Corbin, 1980), the Indians (Zimmer, 1951), the Japanese (Suzuki, 1959), the Chinese (Wilhelm, Jung, 1931) and in the dreams of modern humanity (Jung, 1974).

0.22 The robustness of Jungian psychology in explaining the arts is demonstrated by its application in literary and arts criticism.

Jung was drawn toward literary criticism himself; it creeps into his scientific writings repeatedly and we may ask ourselves how much he may have repressed in order that the ideal of science might be served. Herbert Reed has written interestingly about painting and sculpture from a Jungian point of view; there has been some useful and stimulating criticism of the sculpture of Henry Moore - who seems very often to be seeking to give archetypes a shape - along Jungian lines. Of late years a renewed interest in the paintings of some of the Romantics has brought forth Jungian explications; I am thinking especially of some books written about the Swiss-English painter Henry Fuseli. Jungian comment on literature has come from a somewhat unsuspected source, for one would not immediately have thought of J.B. Priestley as a Jungian; but he acknowledges a great debt to Jung, and some of the best passages in his much underrated book Literature and Western Man are Jungian in inspiration and method. Indeed, I have sometimes thought that the sheer weight of common sense in that book, and its Jungian bias, are what have put conventional critics so much against it. For Jungian thought, although it looks at common sense through a prism that splits it into many facets, leaves it common sense still, and much of the reluctance of conventional people to recognize it as such is no more than the ordinary disposition of the intellectual to prefer the complex to the simple, and the distant vision to what is directly under his nose. In Jungian terms it might be described as an over-valuation of the Thinking Faculty (Davies, 1977, 144).

## Contemporary Arts

0.23 In contemporary western societies the arts include the literary, media, performing and visual arts. Together they form a distinct and recognizable sphere of human behaviour. The arts are, in turn, part of a larger cultural sector which includes architecture, the crafts, fashion, heritage, multiculturalism and official languages. As part of this larger cultural sector, the arts pervade and permeate the lives of each and every citizen at work, at home, at shopping and at play.

0.24 There is a critical difference, however, between art in traditional societies and art in contemporary western societies. In traditional society the range of taste and style is limited to motifs and techniques rooted in tradition. But

modern culture is defined by (an) extraordinary freedom to ransack the world storehouse and to engorge any and every style it comes upon. Such freedom comes from the fact that the axial principle of modern culture is the expression and remaking of the "self" in order to achieve self-realization and self-fulfillment. And in its search, there is a denial of any limits or boundaries to experience. It is a reaching out for all experience, nothing is forbidden, all is to be explored (Bell, 1976, 46) (2).

0.25 For purposes of the monograph there are three distinct types of contemporary art, namely the amateur, the fine and the commercial arts. This is a gross simplification of the specialization and division of labour visible in the contemporary arts, but necessary in order to organize the evidence presented in the monograph. Collectively these three types of arts are called the "arts industry". An art form can and often does embrace all three types of artistic activity. For example, jazz evolved from amateur art in the black urban south of the United States during the late 19th and early 20th centuries, into fine art in Gershwin's New York City of the 1920s and 1930s, and into commercial art via radio and recordings in the world of the 1940s and 1950s. Today jazz is alive and well as an amateur, a fine and a commercial art form.

## Fine Arts

0.26 The fine arts are assumed to be a professional activity which serve "art for art's sake" just as "knowledge for knowledge's sake" is the rationale for "pure research" in the sciences (Chartrand, 1980). The fine arts are the "fountain" from which flows the creative waters of artistic expression. In each fine art there are generally recognized standards of professional excellence. The dominant organizational form of production in the fine arts is the individual professional artist, and the non-profit corporation. Increasingly the fine arts in contemporary western society tend to require highly specialized education, training and experience which increasingly is also a prerequisite for consumption or "appreciation" of many "modern" forms of the fine arts (2).

In fact, as a number of writers have suggested, original difficulty is a sign of modernism. It is wilfully opaque, works with unfamiliar forms, is self-consciously experimental, and seeks deliberately to disturb the audience - to shock it, shake it up, even to transform it as if in a religious conversion. This very difficulty is clearly one source of its appeal to initiates, for esoteric knowledge, like the special formula of the magi or the hermeticism of ancient priests, gives one an enhanced sense of power ... (Bell, 1976, 13-14).

## Commercial Arts

0.27 The commercial arts are assumed to be a profit-making activity which places profit before professional excellence. The commercial arts are to the fine arts as applied engineering and technology are to pure research. The two motives need not, however, be mutually exclusive. In fact, the fine arts use the commercial arts to distribute many fine arts products including recorded music, books, films, etc. When the fine arts are distributed through commercial channels they do not cease to be "fine art". The dominant organizational form of production in the commercial arts, however, is the for-profit corporation.

## Amateur Arts

0.28 The amateur arts are assumed to be both a "recreational" activity which serves to re-create the ability of a worker to do his or her job, and a "leisure" activity which serves to "self-actualize" an individual's creative potential and to thereby more fully appreciate life. The dominant organizational form of production in the amateur arts is the unpaid individual and the voluntary association.

## Interrelation

0.29 Each art activity is intimately interrelated. The amateur arts, in actualizing the talents and abilities of the individual citizen, provide an educated audience and initial training for the fine and the commercial arts. The fine arts, in the pursuit of artistic excellence as an end in and of itself, provide research and development for the commercial arts. The commercial arts, in the pursuit of profit, provide the means to market and distribute the best of the amateur and the fine arts to an audience large enough and in a form suited to earn a profit, e.g., recordings.

### Types of Impact and Evidence

0.30 For purposes of the monograph there are four distinct levels of economic impact. The first and second can, in practice or in theory, be expressed in quantitative terms. The third and fourth cannot generally be quantified, in theory or in practice. Progressively each subsequent level of impact spreads out wider and wider through the economy like the ripples from a stone thrown into a pond. In ascending order of abstraction and descending order of quantifiability, the four levels of economic impact are

#### Primary Impact

the direct and quantifiable contribution of the fine arts to the national economy

#### Secondary Impact

the indirect and quantifiable contribution of the fine arts to the national economy

#### Tertiary Impact

the direct and non-quantifiable contribution of the fine arts to the national economy

#### Quaternary Impact

the indirect and non-quantifiable contribution of the fine arts to the national economy

0.31 As one moves from the amateur to the fine to the commercial arts the quality and quantity of statistical and other socio-scientific information increases. Primary attention in this monograph has been directed at the fine arts including, however, their relation with the amateur and the commercial arts. Readers are cautioned that the focus of attention in the monograph shifts, from time to time, from the fine arts to the total arts industry.

0.32 Little consideration has been given to the amateur arts because there is little available statistical or other socio-scientific information. This is the single most significant gap in currently available evidence. Furthermore, little attention has been given to the commercial arts for which there is a significant body of socio-scientific literature (Audley, 1983, et al).

0.33 Accordingly two forms of evidence have been presented. First, quantitative or statistical evidence has been provided for most primary and some secondary impacts. In some cases, however, available statistical evidence was not adequate to describe the nature of some primary and secondary impacts. In such cases the opinion of experts and/or the opinion of the author has been presented. It should be noted that in theory statistical measures of these impacts could be developed through further research. Quantitative evidence has been derived mainly from Selected Arts Research Statistics (SARS), published by Research & Evaluation, Canada Council (Research & Evaluation, 1983a). Readers are cautioned that statistical information is subject to qualification and interpretation.

0.34 Second, qualitative evidence concerning some primary, secondary and most tertiary and quaternary impacts has been presented. Evidence takes the form of "expert opinion" of social scientists, humanists and business leaders derived from referenced research studies. In some cases expert opinion of Canadian observers was not available. In such cases the opinion of foreign experts has been presented. Each group of experts has its own biases and truths. Readers are accordingly forewarned that expert opinion, no less than statistical evidence, is subject to qualification and interpretation.

Art, according to some, is an attempt to represent through the use of a sensuous medium the actual or ideal, the things we perceive or the underlying nature of reality, by imitating their appearance or their formal structure. Others view art subjectively as the manifestation of pleasure or emotion. At times art is interpreted as psychic symbol; at other times it is seen as the symbol of feeling. It has been construed as a mode of expression, and it has been rendered as a special language through which communication can take place. It is a free, self-gratifying activity resembling play, the manifestation of the inner workings of the universal Will, or direct, intuitive vision. Moreover, each theory purports to give an exclusive and comprehensive account of what art is; each seizes upon undeniable features of art and casts them into a meaningful mold. It would appear almost as if the laws of logic were here suspended, and that all the explanations, however, incompatible with one another, were collectively true (Berleant, 1969).

0.35 Despite inherent limitations the present monograph provides readers with a coherent and rigorous assessment of the economic impact of the fine arts. Given that the economy is a means towards human ends and that the arts are an end in

and of themselves the monograph represents an inversion of the aphorism "the end justifies the means". The inversion will irritate some artists and humanists who view the arts as an inherent part of being human. On the other hand, the monograph demonstrates to those who do not accept the inherent importance of the fine arts that their economic impact is so great and so all pervasive that they must be recognized and treated as a critical and key sector of the contemporary Canadian economy.

### Acknowledgements

0.36 The author wishes to express his thanks to those who took the time and effort to review and criticize earlier drafts of this monograph. Special thanks are extended to his Canada Council colleagues Claude Gauthier, Jocelyn Harvey and Bill Kearns for their detailed and insightful observations. Thanks are also extended to Jake Knoppers for his very useful comments and criticism and to Gloria Zuana for her patience in proof editing the many drafts of the monograph. However, errors and omissions remain the responsibility of the author.

Harry Hillman-Chartrand  
February 1, 1984  
Ottawa, Ontario

1. PRIMARY IMPACT



## 1. PRIMARY IMPACT

1.01 The primary economic impact of the fine arts concerns their direct and quantifiable contribution to the national economy. This includes how much the arts contribute to Gross National Expenditure; how much Canadians spend on the arts; how many Canadians are consumers of the fine arts; how many Canadians are employed in the arts; and how much capital plant, equipment and inventory is invested in the arts.

### Production

1.02 Several dimensions of production in the fine arts will be described. These include the economic size of the arts industry and the fine arts, the fine arts as research and development for the arts industry, concentration of production by company size, region and major urban area, the impact of inflation on production in the fine arts, and taxation of fine arts organizations.

#### Size of the Arts Industry

1.03 The arts industry includes advertising, broadcasting, motion pictures, the performing and visual arts and publishing including libraries and sound and video recording. Compared to the 20 largest Canadian manufacturing industries during 1980 the arts industry was the 11th largest with revenue of \$7 billion; the 4th largest with full-time equivalent employment of 146,000; and the 6th largest with salaries and wages of \$2.3 billion. Artistic revenues amounted to 2.4% of Gross National Product (Research & Evaluation, 1983a, 1-6). The arts industry included 17,099 establishments with average annual revenues of \$411,311; and an average of 9 full-time employees including artists, technicians and administrators with average annual wages and salaries of \$15,606.

#### Size of the Fine Arts

1.04 The fine arts also have a significant direct economic impact of their own. The fine arts include the literary, media, performing and visual arts where the primary motivation is "art for art's sake". Detailed statistics concerning the literary, media and visual arts are currently not available. However, quantitative evidence can be presented for the performing arts. The Canada Council Performing Arts Data Base (PAD) reports activities, revenue and expenditure for companies receiving support from the Canada Council between 1967 and 1980. PAD reports an estimated 75 to 80% of all "live" performing fine arts activity in Canada. This excludes the amateur performing arts and the growing number of "commercial" theatres such as dinner theatre. The number of companies reported in the data base increased from 40 in 1971 to 187 in 1980. Performances increased 311% from 5,975 in 1971 to 24,527 in 1980. Spectators increased 121% from 3,918,000 in 1971 to 8,667,000 in 1980. Total revenue increased from \$23 million in 1971 to \$40 million in 1980, measured in constant 1971 dollars (Research & Evaluation, 1983a, 36-54).

1.05 The average size of reporting companies declined from \$561,967 in 1971 to \$211,929 in 1980, measured in constant 1971 dollars of gross expenditure. There was a maturation of the performing arts in Canada during the 1970s (see Table 1, page 12). A large number of small and medium companies emerged during the 1970s reducing the predominance of large companies with respect to expenditure, performances and spectators.

**Table 1**  
**PRODUCTION IN THE PERFORMING ARTS**  
**1971 and 1980**

	Number of Companies				Expenditure			
	1971		1980		1971		1980	
	#	%	#	%	\$'000	%	\$'000	%
All	40	100	187	100	22,557	100	39,614	100
Large	19	47	28	15	18,936	84	25,688	65
Medium	14	35	48	26	3,162	14	9,112	23
Small	7	18	111	59	459	2	4,813	12
	Income Gap				Accumulated Deficit			
	1971		1980		1971		1980	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
All	11,500	49	20,153	51	NA	NA	7,180	100
Large	9,376	50	12,053	47	NA	NA	5,794	81
Medium	1,475	47	5,317	58	NA	NA	1,282	18
Small	249	54	2,762	57	NA	NA	125	2
	Performances				Attendance			
	1971		1980		1971		1980	
	#	%	#	%	'000's	%	'000's	%
All	5,975	100	24,527	100	3,910	100	8,667	100
Large	3,517	59	6,451	26	3,099	79	4,583	53
Medium	2,359	39	7,115	29	768	20	2,060	24
Small	99	2	10,961	45	51	1	2,023	23

- figures may not add due to rounding -

#### Legend

Source: Canada Council Performing Arts Data Base.  
 All dollar figures in constant 1971 dollars.

- Large - greater than \$400,000 constant 1971 dollars in expenditure.
- Medium - between \$100,000 - \$400,000 constant 1971 dollars in expenditure.
- Small - less than \$100,000 constant 1971 dollars in expenditure.
- Income Gap equals total expenditure less earned revenue divided by total expenditure.

1.06 Over the ten-year period 1971 to 1980 performing companies accumulated deficits of \$7,180,000 measured in constant 1971 dollars or \$18,445,000 in current 1980 dollars. The 111 small companies accounted for \$125,000 of accumulated deficits or 1.7%; the 48 medium-sized companies accounted for \$1,280,000 or 17.8%; and the 28 large companies accounted for \$5,776,000 or 80.4% of accumulated deficits.

1.07 The Minister of Communications, through the Special Program of Cultural Initiatives, established a deficit retirement program for performing companies in 1980 (Communications Canada, 1980). Final statistical results are not yet available. The program is only the most recent of several deficit retirement programs introduced by the Canada Council and the provinces. However, when one compares the relatively low income gap of 47% for large performing companies (see Table 1, page 12) with their high proportion of accumulated deficits (80%) it is apparent that in the performing arts "nothing fails like success".

1.08 While there is no detailed information currently available concerning the other art forms, i.e., the literary, media and visual arts, administrative data from the Canada Council will serve to indicate growth in the number and the turn over of Canadian arts organizations during the 1970s. The Canada Council supports only professional fine arts organizations which have been assessed as to their artistic excellence. Accordingly the following understates the growth of the fine arts to the extent the data does not report fine arts organizations not supported by the Canada Council.

1.09 The Canada Council provided support to 1,550 fine arts organizations (Research & Evaluation, 1983b) between 1972-73 and 1981-82 (Table 2, page 14). In 1981-82 only 793 organizations or 51% still received Canada Council support. Thus the "churn" factor for client arts organizations between 1972-73 and 1981-82 was 49% of all companies supported over the period. The total number of literary arts organizations supported during the period was 473 of which only 257 or 54% still received support in 1981-82. Some 112 media arts organizations in the film and video arts received support from the Canada Council during the period of which only 47 or 42% still received support in 1981-82. Some 742 performing arts companies received support during the period of which 396 or 53% still received support in 1981-82. Some 223 visual arts companies received support during the period of which 93 or 42% still received support in 1981-82.

1.10 In 1981-82 the Canada Council, in addition to support to individual artists and special artistic events, provided \$39 million current dollars in support to 793 fine arts organizations (Research & Evaluation, 1983b). In the performing arts Canada Council support represented an average of 18% of total company expenditure (Research & Evaluation, 1983a, 36-54). Assuming the ratio holds in other art forms it is estimated that the fine arts generated at least \$217 million current dollars in economic activity. Allowing for companies not supported by the Canada Council it is likely that the Canadian fine arts generated at least \$250 million in direct economic activity in 1981-82.

#### Fine Arts as R&D

1.11 Within the arts industry the fine arts play a role analogous to research and development or "R&D" in other sectors of the economy. In fact "(n)onprofit arts are the testing ground for profit-making industries such as recording,

**Table 2**  
**FINE ARTS ORGANIZATIONS SUPPORTED**  
**BY THE CANADA COUNCIL BETWEEN**  
**1972-73 & 1981-82**

ART FORM	ORGANIZATIONS SUPPORTED 72-73 & 81-82		ORGANIZATIONS SUPPORTED 81-82		ORGANIZATIONS NOT SUPPORTED 81-82	
	#	%	#	%	#	%
Literary Arts	473	100	257	54	216	46
Media Arts	112	100	47	42	65	58
Performing Arts	742	100	396	53	346	47
Visual Arts	<u>223</u>	<u>100</u>	<u>93</u>	<u>42</u>	<u>130</u>	<u>58</u>
Total	1,550	100	793	51	757	49

Legend

Source: Canada Council Organization Grant Inventory.

Literary Arts include writing and publishing.

Media Arts include film and video.

Performing Arts include dance, music  
and theatre.

Visual Arts include performance arts.

publishing, film making, broadcasting, advertising and design" (Sellner, 1982, 17). The analogy can be drawn that the fine artist is like the "pure researcher" in the sciences whose primary motivation is "knowledge for knowledge's sake". Scientific researchers pursue professional excellence just like the fine artist. It is generally accepted that both government and the private sector must support such research even though it is not, in and of itself, profitable. Rather pure research serendipitously leads to industrial invention, innovation and diffusion, even though the pure researcher, like the fine artist, may not intend such a result.

1.12 Unlike other research and development activities, however, the fine arts do not yet benefit (Touche Ross & Co., 1984) from the same set of tax expenditures and incentive grants. As non-profit organizations they do, however, receive certain tax privileges and grants. As in other sectors many R&D fine arts projects must be supported, and high risks accepted, if commercially viable and exportable artistic goods and services are eventually to emerge. The relevance of the R&D analogy is illustrated by the international success of British television programming.

The reason why so many BBC and ITV drama series have sold well abroad is because British television directors have so much expertise, derived from the theatre, on which they can draw. Indeed the health of our future export trade in television films largely depends on the buoyancy of our theatre (Liberal Party, 1982, 29).

## Concentration

1.13 Three dimensions of concentration in the performing arts can be measured using available quantitative evidence. These are concentration by company size, by region and by major urban area.

### By Company Size

1.14 Performing arts activities became significantly less concentrated during the 1970s (Table 1, page 12). Small companies, as a per cent of all companies, increased from 18% in 1971 to 59% in 1980. Their share of total expenditure increased from 2% to 12% while their share of performances and attendance increased from 2% to 45% and from 1% to 23%, respectively. Medium-sized companies, as a per cent of all companies, decreased from 35% in 1971 to 26% in 1980. Similarly their share of performances decreased from 39% to 29%. However, medium-sized companies increased their share of total expenditure and attendance from 14% to 23% and from 20% to 24%, respectively. Large companies decreased their share as a per cent of the total number of reporting companies, expenditure, performances and attendance.

### By Region

1.15 The regional distribution of the performing arts changed in favour of British Columbia and especially Ontario during the 1970s (Table 3, page 16). Both regions experienced relative increases in the number of companies, their share of total expenditures, performances and spectators. The Atlantic region remained relatively constant with respect to relative number of companies and expenditures, but experienced a small decrease in its share of performances and spectators. Quebec's share of reporting companies decreased marginally from 30% to 29% but its share of expenditure decreased from 26% in 1971 to 20% in 1980. Quebec's share of performances and spectators decreased from 32% to 25% and from 26% to 24%, respectively. The Prairie region experienced a significant decline in relative number of companies, performances and spectators, but experienced a small increase in its relative share of total expenditure. This suggests that the average size of company increased in the Prairies relative to other regions of the country.

### By Major Urban Area

1.16 During the 1970s there was a significant decentralization of performing arts activities outside the 6 major census metropolitan areas (CMAs) (Table 5, page 17). The relative number of companies in the 6 major CMAs fell from 70% in 1971 to 59% in 1980; expenditures from 74% to 65%; performances from 74% to 60%; and spectators from 73% to 64%. Two CMAs, Quebec City and Toronto, however, experienced relative growth with respect to their share of companies, performances and spectators.

1.17 The most dramatic increase occurred in Toronto. The city's share of performances almost doubled from 11% in 1971 to 19% in 1980. Vancouver also increased its relative share of companies and expenditure, and maintained its share of performances while its share of spectators declined marginally. Edmonton increased its relative share of expenditures, but decreased its share of companies, performances and spectators. Montreal and Winnipeg decreased their relative share of companies, expenditure, performances and spectators.

**Table 3**  
**REGIONAL CONCENTRATION IN THE PERFORMING ARTS**  
**1971 and 1980**

	Number of Companies				Expenditure			
	1971		1980		1971		1980	
	#	%	#	%	\$'000	%	\$'000	%
Canada	40	100	187	100	22,557	100	39,614	100
Atlantic	3	7	11	7	1,331	6	2,248	5
Nfld	0	0	2	1	0	0	91	--
PEI	1	2	1	1	467	2	798	2
NS	2	5	5	3	864	4	922	2
NB	0	0	3	2	0	0	437	1
Que	12	30	54	29	5,896	26	7,841	20
Ont	8	20	65	35	8,978	40	16,930	43
Prairies	12	29	30	15	4,132	18	7,766	19
Man	4	10	10	5	2,439	11	2,946	7
Sask	3	7	6	3	265	1	881	2
Alta	5	12	14	7	1,428	6	3,939	10
BC	5	12	27	14	2,219	10	4,829	12
<hr/>								
Performances								
	1971		1980		Spectators			
	#	%	#	%	'000	1971 %	'000	1980 %
Canada	5,975	100	24,527	100	3,918	100	8,667	100
Atlantic	477	8	1,296	5	254	6	398	4
Nfld	0	0	109	--	0	0	19	--
PEI	240	4	231	1	124	3	83	1
NS	237	4	566	2	130	3	213	2
NB	0	0	390	2	0	0	83	1
Que	1,903	32	6,156	25	1,024	26	2,048	24
Ont	1,218	20	8,467	35	1,269	32	3,337	39
Prairies	1,632	27	4,624	20	904	23	1,645	20
Man	500	8	1,122	5	455	12	652	8
Sask	296	5	873	4	95	2	224	3
Alta	836	14	2,629	11	354	9	769	9
BC	745	12	3,984	16	467	12	1,239	14

- figures may not add due to rounding -

**Legend**

Source: Canada Council Performing Arts Data Base.

All dollar figures in constant 1971 dollars.

-- : too small to be expressed

**Table 4**  
**URBAN CONCENTRATION IN THE PERFORMING ARTS**  
**1971 and 1980**

	Number of Companies				Expenditure			
	#	1971	#	1980	\$'000	1971	\$'000	1980
	%	%			%		%	
Canada	40	100	187	100	22,557	100	39,614	100
CMA's	28	70	111	59	16,678	74	25,629	65
Que.	1	2	6	3	578	3	973	2
Mont.	11	28	39	21	5,318	24	6,434	16
Toro.	6	15	32	17	5,557	25	9,228	23
Winn.	4	10	9	5	2,439	11	2,841	7
Edm't.	3	7	8	4	878	4	2,464	6
Van.	3	7	17	9	1,908	8	3,689	9
 Performances								
	1971		1980		1971		1980	
	#	%	#	%	'000	%	'000	%
Canada	5,975	100	24,527	100	3,918	100	8,667	100
CMA's	4,414	74	14,690	60	2,875	73	5,550	64
Que.	49	1	416	2	48	1	184	2
Mont.	1,854	31	4,078	17	975	25	1,646	19
Toro.	674	11	4,598	19	749	19	1,723	20
Winn.	500	8	964	4	455	12	623	7
Edm.	634	11	1,723	7	219	6	482	6
Van.	703	12	2,911	12	429	11	892	10

- figures may not add due to rounding -

## Legend

Source: Canada Council Performing Arts Data Base.  
All dollar figures in constant 1971 dollars.  
Excludes Ottawa-Hull which is the fourth  
largest urban area in Canada.

CMAs

Que. - Quebec City  
Mont. - Montreal  
Toro. - Toronto  
Winn. - Winnipeg  
Edm. - Edmonton  
Van. - Vancouver

1.18 Six years before the Arab Oil Embargo set off the most explosive inflationary spiral in post-war history, it was revealed that the fine arts experienced a pattern of rising costs that outstrips the rate of inflation in the rest of the economy (Baumol, Bowen, 1966). The sensitivity of the fine arts to inflation results from the difference between productivity increases available in the fine arts versus those available in other sectors of the economy. It is the differential in the rates of narrowly defined productivity which fuels the pattern of rising costs in the arts.

The theatre is having to meet the brunt of inflation head on. Its very nature offers little scope for increased efficiency or productivity, and its ability to absorb inflation by these means is therefore strictly limited... Indeed the only thing which has kept the theatre going is the fact that labour has been prepared to work in appalling conditions for low wages... Of course the theatre, even though it has been subsidized in that workers have been accepting low pay, is not totally insensitive to wage levels outside, and this leads to difficulties. If industry increases productivity by 10 per cent it can increase wages about the same without having to put up prices; but sooner or later the theatre will have to meet sympathetic rises in wages, and these will increase costs (Grist, 1976).

1.19 There are also indications that the commercial media arts have succumbed to the resulting "cost-squeeze".

Even the mass media seem to be suffering from that cost disease which constituted one element of our analysis of the problems of live performance. The available estimates indicate that in television in the United States, some 10 per cent of the total budget is devoted to transmission (the portion of the activity which seems to benefit most easily from technological progress). On the other hand, more than 60 per cent goes into programming, i.e. into performances, which is just as little amenable to increases in productivity as is live theatre. This may help to account for the very rapid rate of increase per hour of broadcasting, and for the various corners that broadcasting in the U.S. seems increasingly to have been cutting. (Baumol, Oates, 1976, 116)

1.20 Inflationary pressures need not, however, depress the level of arts activity. If inflation is accompanied by a decline in the real wages of artists then the level of arts activity may actually increase. The thrust of the argument is that with declining real wages for performers and creative artists, producers can afford to experiment more and require fewer performances to break even. Conversely, in times of prosperity and high real wages producers may not be able to afford to take such risks.

economic prosperity does not automatically bring with it all the things that are usually taken to contribute to the "quality of life", and if it is accompanied by rising real incomes for all economic classes, it may be a positive detriment to such activities... It follows that one cannot simply assume that growth in GNP will bring forth with it a prosperous and innovative drama (Baumol, Oates, 1972).

1.21 The differential impact of inflation on the arts has recently been confirmed by a study of the performing arts in the United Kingdom (Peacock, et al, 1982). The study demonstrated that there was no statistically significant difference between cost increases in the performing arts and other sectors of the economy. This resulted, however, from the depression of artistic salaries and wages during a period of rapid general price increases. This finding reinforces the claim that the largest subsidy received by the fine arts takes the form of depressed wages and salaries received by individual artists.

1.22 Another implication of the differential impact of inflation on the arts is what has been called "techno-aesthetic progress" (Leroy, 1980). In essence Leroy argues that in response to economic cycles the aesthetics of the arts mutates. Thus during periods of economic depression or recession the arts tend to increase the scale of production as the real wages of artists decline. During periods of economic boom, particularly when associated with high levels of real wages, the arts respond with the aesthetic of smaller productions such as "one-man shows".

#### Taxation

1.23 Six forms of taxation impact, to varying degrees, upon the fine arts. Impact includes exemption from certain taxes which constitute a "tax expenditure" by government. As well production in the fine arts is subject to income tax, social security payments, sales taxes, amusement taxes, property taxes and customs duties. No estimates are currently available concerning the impact of these varying types of taxation.

1.24 With respect to income taxes, most fine arts organizations operate as non-profit "charitable" institutions. The word "charitable" for purposes of income tax refers to the discharge of important social obligations without the intent to earn profits. All charitable institutions must be registered with the federal government and obtain a charitable registration number. As a charitable institution a fine arts organization is exempt from all income tax so long as it fulfils the operating requirements specified in the legislation and regulations.

1.25 Exemption from income tax is not a direct benefit because most fine arts organizations operate at a loss even with donations and contributions from private and public sector donors. However, the tax exempt status of fine arts organizations permits them to issue receipts carrying their charitable registration number in return for donations from individuals and corporations. These receipts permit donors to deduct their donations from taxable income. This privilege encourages private philanthropic support to the fine arts and is a significant benefit.

1.26 While exempt from income tax, fine arts organizations do not necessarily receive relief from other forms of taxation. The incidence of social security payments varies between fine arts organizations according to the employment status of artists, technicians and administrators engaged. Fine arts organizations must pay the employer's share of unemployment insurance and pension plan contributions for all their "employees". When, however, artists, technicians or administrators are engaged as "self-employed" professionals then no social security payments are required of fine arts organizations.

1.27 Federal, provincial and municipal sales and amusement taxes are generally, but not in all cases, paid by fine arts organizations or their customers with the notable exception of Ontario which exempts tickets to "Canadian" arts events from retail sales tax. With respect to local property taxes, fine arts organizations which own facilities are subject to property taxes in some municipalities but not in others. Similarly exemption from customs duties is generally available only to fine arts organizations which can obtain "educational" status with Revenue Canada. Other fine arts organizations must pay customs duties on imported materials and equipment normally subject to duty except when a special waiver can be obtained from Revenue Canada, on a case-by-case basis. Variation is so great that a major research effort would be required to estimate the net cost of tax expenditures to various levels of government.

#### Consumption

##### Personal Cultural Expenditure

1.28 In 1981 Canadians out-of-pocket spent \$5.2 billion in current 1981 dollars on arts-related activities including tickets to movies and other commercial cultural activities, museums, art galleries, live dance, music, theatre and private tuition for painting, music and dance lessons (Research & Evaluation, 1983a, 1). Personal cultural expenditure amounted to 1.2% of Gross National Expenditure or \$189 for every man, woman and child in Canada. These personal out-of-pocket expenditures exclude approximately \$2 billion in government and corporate support to arts activities.

1.29 The fine arts audience is made up of two distinct segments. The first is the "box office" audience. The second is the "merit audience" which includes governments and private sector donors. These donors, through grants and donations, insure that a larger supply of artistic goods and services is available than the market is able to produce. In effect the merit audience subsidizes ticket prices and thereby facilitates access by a larger number of citizens.

##### Box Office Audience

1.30 Studies conducted around the world and across Canada indicate that the arts audience is characterized by high levels of education (Padfield, et al, 1980). A proxy for the size of the arts audience is the number of adult Canadians 15 years and over who have at least some post-secondary education.

1.31 Between 1961 and 1981 the fine arts audience grew from 1,432,000 or 12% of all adult Canadians to 5,145,000 or 28% of all adult Canadians (Table 5, page 21). Between 1981 and the year 2000 the fine arts audience is forecasted to grow nearly three times faster than the adult population from 5,145,000 or 28% of the adult population in 1981, to 8,713,000 or 38% of the adult population in 2000.

1.32 Growth in the arts audience among the labour force, i.e., working Canadians, is forecasted to grow faster than the adult population (Research & Evaluation, 1983a, 57) (Table 6, page 21). Between 1977 and the year 2000 it is forecast that the fine arts audience will double from 3,355,000 or 32% to 6,657,000 or 45% of the Canadian labour force.

1.33 Another indication of growing demand for the arts is participation rates in alternative leisure time activities (Research & Evaluation, 1983a, 57), (Table 7, page 22). Between 1977 and 1985 the adult population is projected to grow at an average annual rate of 1.6%.

**Table 5**  
**GROWTH IN THE FINE ARTS AUDIENCE**  
**1961 to 2000**

	Population (1)	Audience (2)	Audience as a % of Population
1961	12,046	1,432	12%
1971	15,288	2,749	18%
1977	17,453	4,556	26%
1981	18,609	5,145	28%
1985 (3)	19,802	6,164	31%
1990 (3)	20,905	7,060	34%
1995 (3)	21,962	7,869	36%
2000 (3)	23,021	8,713	38%
Growth 1981 - 2000	24%	69%	...

**Table 6**  
**GROWTH IN THE FINE ARTS AUDIENCE IN THE LABOUR FORCE**  
**1977 to 2000**

	Labour Force (4)	Audience (5)	Audience as a % of Labour Force
1977	10,616	3,355	32%
1981	11,511	3,902	34%
1985 (3)	12,766	4,787	38%
2000 (3)	14,926	6,657	45%
Growth 1981 - 2000	30%	71%	...

Legend

Source: G. Picot, The Changing Education Profile of Canadians: 1961 to 2000, Statistics Canada, 1980 and 1981 Census.

- (1) Population equals adult population 15 years and over.
- (2) Audience equals adult population with some post-secondary education or more.
- (3) Estimated.
- (4) Equals adult population 15 years and over in the labour force.
- (5) Audience equals labour force with some post-secondary education or more.

1.34 Participation in arts-related activities is projected to grow significantly faster than other leisure activities. Attendance at museums and art galleries will grow at an average annual rate of 2.6%; use of libraries at 2.4%; and attendance at live theatre at an average annual rate of 2.1%. Attendance at sports events will increase at an average annual rate of 1.3%, and television viewing at 1.4%.

1.35 Between 1985 and 1990 the population is projected to grow by 1.1% a year. Attendance at museums and art galleries is projected to grow at an average annual rate of 2.0%; use of libraries at 1.6%; and attendance at live theatre at an average annual rate of 1.5%. Attendance at sports events is projected to grow at an average annual rate of 0.7%, and television viewing at 0.9%.

1.36 Between 1990 and 2000 the adult population is projected to grow at an average annual rate of 1.0%. Attendance at museums and art galleries is projected to grow at an average annual rate of 1.9%; use of libraries at 1.6%; and live theatre at 1.7% per year. Attendance at sports events is projected to increase at an average annual rate of 0.9%, and television viewing at 0.8%.

**Table 7**  
**GROWTH IN FINE ARTS PARTICIPATION RATES**  
**1961 to 2000**

	1961-71	1971-77	1977-85	1985-90	1990-2000
Adult Population	2.3%	2.3%	1.6%	1.1%	1.0%
Reading	2.8%	3.0%	2.1%	1.6%	1.4%
Museums & Galleries	4.1%	4.9%	2.6%	2.0%	1.9%
Libraries	4.0%	4.6%	2.4%	1.6%	1.6%
Live Theatre	3.6%	4.0%	2.1%	1.5%	1.7%
Commercial Film	3.6%	3.3%	1.3%	0.2%	0.6%
Television	2.2%	1.9%	1.4%	0.9%	0.8%
Sports	2.6%	2.2%	1.3%	0.7%	0.9%

Legend

Source: G. Picot, The Changing Education Profile of Canadians: 1961 to 2000, Statistics Canada, 1980

## Merit Audience

1.37 In addition to the ticket-buying public, individual donors, the corporate sector and governments act as a merit audience for the fine arts. The merit audience is as old as the fine arts themselves. The aristocratic or ecclesiastic patron of previous centuries contributed to the arts in order that the whole population might benefit. Today through grants and donations, public and private sector patrons donate to the fine arts in order to insure that a larger supply of artistic goods and services is available than the market is able to provide. This tradition of "multiple funding sources", i.e., box office revenue combined with public and private donations is a major guarantee of the independence of the fine arts.

### Corporate & Private Donors

1.38 The corporate sector is, to a great extent, the successor to the Di Medici as patrons of the fine arts. According to the Institute for Public Donations and Research, corporate cultural donations increased from \$3.2 million in 1972 to \$12 million in 1981, or 16% of total corporate donations to all charitable activities (Research & Evaluation, 1983a, 18). In constant 1971 dollars, however, corporate support to the arts increased from \$3.2 million in 1972, peaked at \$3.3 million in 1974, and fluctuated up and down ending in 1981 at \$4.1 million. The level of real corporate donations in 1981 is misleading, however, in that it includes a one-time-only grant of \$2.5 million to a science centre in northern Ontario. If this donation is excluded then real donations to culture remained static at \$3.2 million constant 1971 dollars in 1980 and 1981, or \$100,000 less than in the peak year of 1974.

1.39 The unstable nature of corporate donations reflects, among other factors, the "money illusion" of corporate donors, an illusion which also plagues support from the public sector. Real support, measured in constant dollars, declines or remains stable while the nominal value of the donation, measured in current dollars, increases rapidly (Baumol, Baumol, 1980). In the private sector money illusion is mitigated, to some extent, by increasing corporate awareness of the advertising value of sponsorship of arts events and organizations. Sponsorship reflects the correspondence of the corporate target market and the arts audience. Sponsorships are made from public relations, not from donations budgets. No figures are currently available concerning corporate sponsorship of cultural activities.

1.40 Corporate support also suffers from the "St. Matthew Syndrome", i.e., to those that have shall be given (Vichert, 1981). Private donors tend to be cautious and conservative. They do not support controversial productions or new innovative art forms (Table 8, page 24). Private donor caution is reflected by private support to theatre, a highly visible, articulate and controversial art-form. Thus in 1980 private donations were only 10% of total expenditure by theatre companies compared to 13% for all performing arts companies. In fact small theatre companies received only 9% of total expenditure from private sources (Research & Evaluation, 1983a, 36-54).

1.41 In 1980 the Canada Council was the primary supporter of dance and theatre, art forms which tend to be controversial because of esoteric experimentation, scatological language, political themes or frontal nudity. The private sector, however, was the primary supporter of music and opera, art forms which tend not to be controversial.

Table 8

**RANK ORDER OF SUPPORT TO PERFORMING ARTS COMPANIES  
BY THE CANADA COUNCIL, THE PROVINCES & THE PRIVATE SECTOR  
1980**

		ALL DISCIPLINES					
		1st	2nd	3rd			
All	C	P	R				
Small	C	P	R				
Medium	P	C	R				
Large	C	R	P				

  

		DANCE			THEATRE		
		1st	2nd	3rd	1st	2nd	3rd
All	C	P	R	All	C	P	R
Small	C	P	R	Small	C	P	R
Medium	C	P	R	Medium	C	P	R
Large	C	R	P	Large	C	P	R

  

		MUSIC			OPERA		
		1st	2nd	3rd	1st	2nd	3rd
All	R	C	P	All	R	C	P
Small	R	P	C	Small	C/P	-	R
Medium	R	P	C	Medium	R	P	C
Large	C	R	P	Large	R	C	P

**Legend**

Source: Canada Council Performing Arts Data Base

Large - greater than \$400,000 constant 1971 dollars in expenditure.

Medium - between \$100,000 - \$400,000 constant 1971 dollars in expenditure.

Small - less than \$100,000 constant 1971 dollars in expenditure.

C stands for the Canada Council.

P stands for the provinces.

R stands for private support.

## Modes of Public Support

1.42 In the present century the role of the public sector in support to the fine arts has varied and evolved. In the United States the role of the federal government before the advent of the National Endowment for the Arts in 1965 was that of a "facilitator" which created tax exemptions for private donations. Since the advent of the NEA the federal government of the United States still provides the majority of its support to the arts through the tax system. In Great Britain and Commonwealth countries the role of the state has been that of "patron" which supports the fine arts through more or less "arms-length" agencies like the Art Councils of Great Britain, Australia and New Zealand, as well as the Canada Council. Both the facilitator and the patron model are associated with the tradition of "multiple funding sources" in support to the fine arts in order to ensure artistic integrity and independence from political interference.

1.43 In western Europe the state has played the role of "architect" of the arts. The state constructs most of the arts facilities and staffs them with artists, technicians and administrators who often are public servants. Choice of what art to produce, however, tends to remain in the hands of the artists - not the state. The recent doubling of support for the arts in France and Italy reflect the enhanced importance associated with the arts as a "growth sector" and their role in attaining the national goals of western European countries. In eastern Europe and the Soviet Union the state tends to play the role of "engineer". The state consciously uses the arts to attain its own goals, i.e., to create the "new socialist man".

1.44 The difference between these modes of public support is highlighted by the use of music in the manned-space programs of the USA and the USSR.

The Russians consider some things as scientific in nature that we have never looked at. They talk about music and entertainment and programs as something which a scientist can determine. We just ask the astronauts what they want to listen to, and play their favorite music (Patton, 1983).

## Tri-Level Cultural Expenditure

1.45 In Canada public support to the amateur arts, the fine arts and the commercial arts is provided by all three levels (tri-level) of government, i.e., federal, provincial and local governments. Support for all three are standardized and reported through the Canadian System of Government Financial Management Statistics (CSGFMS) (Statistics Canada, 1972). The CSGFMS is used to calculate equalization payments under the Fiscal Arrangements Act. However, the CSGFMS classifies expenditure on broadcasting, e.g., the CBC and provincial broadcasting authorities, as communications, not culture. In addition CSGFMS reported provincial support to the arts excludes some support provided through government operated lotteries.

1.46 Tri-level support to culture, net of inter-governmental transfers, grew from \$139 million in 1969-70 to \$798 million in 1979-80 measured in constant 1971 dollars (see Table 9, page 27). As a per cent of consolidated tri-level gross general expenditure, culture increased from 0.5% in 1969-70 to 0.7% in 1979-80. Measured in constant 1971 dollars, tri-level cultural expenditure per Canadian nearly doubled from \$7.46 to \$14.80 in 1979-80, or \$33.64 in current 1980 dollars (Research & Evaluation, 1983a, 7-11).

1.47 Federal support to culture, gross of inter-governmental transfers, increased from 23.3% of tri-level cultural expenditure in 1969-70 to 30.8% in 1979-80, or from \$1.74 per Canadian to \$4.56 in 1979-80, in constant 1971 dollars. The provincial share increased from 29.2% to 36.2% or from \$2.18 per Canadian in 1969-70 to \$5.36 in 1979-80. The local share declined from 49.1% in 1969-70 to 36.5% in 1979-80 but increased from \$3.66 per Canadian to \$5.41 measured in constant 1971 dollars.

1.48 As a per cent of federal gross general expenditure, cultural expenditure increased from 0.2% in 1969-70 to 0.4% in 1979-80. As a per cent of provincial gross general expenditure, cultural expenditure increased from 0.3% in 1969-70 to 0.5% in 1979-80. Local cultural expenditure increased as a per cent of local gross general expenditure from 0.9% in 1969-70 to 1.2% in 1979-80.

#### Federal Support

1.49 A more detailed view of federal support to the arts including support to the CBC can be derived from the annual budgetary estimates of the federal government. The annual estimates are known as the "Blue Book". Federal cultural expenditure increased 3.6% from \$396 million in 1972-73 to \$410 million in 1982-83, measured in constant 1971 dollars (Research & Evaluation, 1983a, 12-16). Over the period federal cultural expenditure grew at an average annual rate of only 0.2%. Federal cultural support per Canadian declined from \$17.31 in 1972-73 to \$16.42 in 1982-83, in constant 1971 dollars.

1.50 Federal support to the fine arts, relative to other revenue sources, also declined over the period. In the performing arts federal support, mainly through the Canada Council, declined from 24% of total expenditure by performing companies in 1970 to 18% in 1980 (Research & Evaluation, 1983a, 36-54). In the case of medium-sized companies federal support declined from 20% in 1971 to 18% in 1980. For large-sized performing companies federal support declined from 24% to 18%. In the case of small-sized performing companies federal support increased as a per cent of total expenditure from 19% in 1971 to 22% in 1980.

#### Provincial Support

1.51 Provincial support to culture increased from \$45.6 million in 1969-70 to \$127.0 million in 1979-80, measured in constant 1971 dollars (Research & Evaluation, 1983a, 7-11). As a percentage of tri-level cultural expenditure, provincial cultural expenditure increased from 29.2% in 1969-70 to 36.2% in 1979-80. The Province of Quebec spent the most on culture, \$42.9 million in 1979-80, followed by Ontario at \$36.4 million, Alberta at \$18.9 million, British Columbia at \$7.0 million, Saskatchewan at \$6.5 million, Nova Scotia at \$4.8 million and New Brunswick at \$4.0 million measured in constant 1971 dollars (Table 9, page 27). Manitoba, Newfoundland and Prince Edward Island spent less than \$4 million on culture, measured in constant 1971 dollars.

1.52 As a per cent of provincial gross general expenditure Prince Edward Island spent 0.7% on culture in 1979-80. Saskatchewan, Alberta, Quebec, New Brunswick and Nova Scotia spent 0.6% of provincial expenditure on culture. Ontario and Newfoundland spent 0.5% on cultural activities while Manitoba spent 0.3%.

1.53 In terms of cultural expenditure per capita Alberta spent the most, \$9.18, followed by Prince Edward Island at \$8.20, Saskatchewan at \$6.83 and Quebec at \$6.76 per capita in 1979-80, measured in constant 1971 dollars. New Brunswick spent \$5.77 per capita while Nova Scotia and Newfoundland spent \$5.70 and \$5.33

**Table 9**  
**TRI-LEVEL CULTURAL EXPENDITURE**  
**1979-80**

	Millions of Constant 1971 Dollars (1)	Per Cent of Gross General Expenditure (2)	Per Cent of Tri-Level Culture (3)	Constant 1971 Dollars Per Capita (4)
Tri-Level	350.9	0.7	100.0	14.80
Federal	108.1	0.4	30.8	4.56
Provincial	127.0	0.5	36.2	5.36
Local	128.2	1.2	36.5	5.41
Nfld.	3.8	NA	1.1	6.75
Provincial	3.0	0.5	0.9	5.33
Local	0.8	1.3	0.2	1.42
P.E.I.	1.0	NA	0.3	8.20
Provincial	1.0	0.7	0.3	8.20
Local	—	0.1	--	--
N.S.	7.3	NA	2.1	8.67
Provincial	4.8	0.6	1.4	5.70
Local	2.5	0.7	0.7	2.97
N.B.	6.0	NA	1.7	8.66
Provincial	4.0	0.6	1.1	5.77
Local	2.0	2.3	0.6	2.89
Quebec	53.1	NA	15.1	8.37
Provincial	42.9	0.6	12.2	6.76
Local	10.2	0.4	2.9	1.61
Ontario	112.5	NA	32.1	13.23
Provincial	36.4	0.5	10.4	4.28
Local	76.1	1.9	21.7	8.95
Manitoba	6.6	NA	1.9	6.41
Provincial	2.4	0.3	0.7	2.33
Local	4.2	1.0	1.2	4.08
Sask.	12.2	NA	3.5	12.82
Provincial	6.5	0.6	1.9	6.83
Local	5.7	1.2	1.6	5.99
Alta.	28.6	NA	8.2	13.89
Provincial	18.9	0.6	5.4	9.18
Local	9.8	0.7	2.8	4.76
B.C.	23.9	NA	6.8	9.23
Provincial	7.0	0.3	2.0	2.70
Local	16.8	1.5	4.8	6.49

- figures may not add due to rounding and intergovernmental transfers -

#### Legend

Source: Canadian System of Government Financial  
Management Statistics

- (1) To convert to current 1979-80 dollars multiply by 2.273.
- (2) Not applicable for combined province and local governments due to intergovernmental transfers.
- (3) Federal, Provincial and Local cultural expenditures do not add to 100% due to intergovernmental transfers.
- (4) Federal, Provincial and Local cultural expenditure per capita do not add to 100% due to intergovernmental transfers.

per capita, respectively. The Province of Ontario spent \$4.28 per capita on culture while British Columbia and Manitoba spent \$2.70 and \$2.33, respectively.

#### Local Support

1.54 Local government cultural expenditure increased from \$76.7 million in 1969-70 to \$128.2 million in 1979-80, measured in constant 1971 dollars (Research & Evaluation, 1983a, 7-11). The local share of tri-level cultural expenditure declined from 49.1% in 1969-70 to 36.5% in 1979-80. Cultural expenditure at the local level excludes programs and facilities designed to serve both recreation and cultural purposes. Even assuming a constant proportion of such shared programs and facilities throughout the period, however, local support to culture declined dramatically relative to federal and provincial expenditure.

1.55 As a percentage of local gross general expenditure local governments of New Brunswick spent the most at 2.3% followed by Ontario at 1.9%, British Columbia at 1.5%, Newfoundland at 1.3%, and Saskatchewan at 1.2% in 1979-80 (Table 9, page 27). Manitoba local governments spent 1% of their gross expenditure on culture in 1979-80 while all other local governments spent less than 1% of their gross expenditure on culture.

1.56 In terms of cultural expenditure per capita, local governments of Ontario spent \$8.95 on culture followed by British Columbia at \$6.49 and Saskatchewan at \$5.99 in 1979-80, measured in constant 1971 dollars (Table 9, page 27). Local governments in Alberta spent \$4.76 per capita while local governments in Manitoba spent \$4.08. In Nova Scotia and New Brunswick, local governments spent \$2.97 and \$2.89 per capita on culture, respectively. Local governments in Newfoundland spent \$1.42 per capita in 1979-80, measured in constant 1971 dollars.

#### Lotteries

1.57 During the 1970s, lotteries were rediscovered as a major source of arts funding. In the 18th century the British Museum obtained its first collections through lotteries. During the 19th century only arts lotteries were exempted from the general prohibition of lotteries in Britain. In Canada lotteries were legalized by an amendment to the Criminal Code in 1969. In 1970-71 Canadian lottery ticket sales were \$116 million or 0.1% of Gross National Expenditure (GNE) or \$5.45 for every man, woman and child. In 1979-80 ticket sales were \$1.5 billion in current dollars or 0.5% of GNE or \$62 per capita. Official Canadian aid to developing countries, by contrast, was 0.4% of GNE in 1979-80. Total government, corporate and university R&D expenditures were 0.9% of GNE (Chartrand, Ruston, 1982).

1.58 Gross operating revenue from Canadian government lotteries in 1970-71 was \$30 million. In 1979-80 gross operating revenue was \$443 million in current dollars. As a percentage of consolidated tri-level revenue (federal, provincial and local), lottery revenue increased from 0.1% in 1970-71 to 0.4% in 1979-80. Provincial lottery revenue increased from \$30 million in 1970-71 to \$382 million in 1979-80, or from 0.1% of consolidated provincial-local revenue to 0.5%.

1.59 Gross receipts from privately operated lotteries increased from \$17.9 million in 1970-71 to \$482.9 million current dollars in 1979-80. Net receipts increased from \$18 million in 1970-71 to \$143 million 1979-80. Most privately operated lotteries are conducted by non-profit organizations. There are about 43,000 non-profit organizations in Canada. In 1979, some 391 corporations donated \$58.1

million to all religious and charitable causes. In 1978-79 federal grants and tax expenditures in support to the non-profit sector was \$546.5 million current dollars. Thus by the end of the decade, privately operated lotteries were almost two and a half times as important as a funding source for non-profit voluntary organizations as corporate donations and represented more than one quarter of total federal support to the non-profit sector.

1.60 It is estimated that in 1981-82 direct provincial lottery support to the arts was \$40 million current dollars. This excluded lottery revenues placed in general consolidated revenue used to increase total provincial resources and thereby permit increased provincial support to the arts through regular programs. Total provincial cultural expenditure in 1979-80 was \$288.6 million of which direct lottery support was estimated to have been at least 15%. In addition the federal government, through its Special Cultural Initiatives spent \$13.3 million in lottery funds to support the arts in 1981-82. Privately operated lottery support to the arts in 1981-82 is conservatively estimated at \$20 million. Total direct lottery support to the arts in 1981-82, therefore, is estimated to be \$73 million current dollars.

1.61 The pattern of public support to the arts in the 1950s and 1960s was dominated by "arms-length" arts councils created by the federal and provincial governments, but with the provinces playing a relatively small role. Both the provinces and their arms-length agencies tended to take direction from the Canada Council (Pasquill, 1973). By the mid-1970s, however, the arts support pattern had changed to one of provincial ministries of culture funded by lottery revenues playing the leading role in innovative arts support programs such as Ontario's Half-Back scheme. The role of arms-length agencies declined, both in relative dollar terms and in terms of initiating innovative support programs (see Table 10, page 30) (Chartrand, Ruston, 1981).

**Table 10**  
**LOTTERY SUPPORT TO THE ARTS**  
June 1981

	Newfoundland	ATLANTIC LOTTERY CORPORATION			LOTO-QUEBEC	ONT. LOTTERY CORP.
		Prince Edward Is.	Nova Scotia	New Brunswick	Quebec	Ontario
<b>GOVERNMENT OPERATED</b>						
Authority	Treasury Bd.	Lottery Comm.	Lottery Comm.	Lottery Comm.	Loto-Quebec	Ont. Lottery Corp.
Distributors	corporate	corporate	corporate	corporate	commercial & Lotomatique (arts)	commercial
Retailers	commercial	commercial	commercial & bonus non-profit (arts)	commercial	commercial, Kiosks & bonus non-profit (arts)	commercial
Profits	general revenue	general revenue	general revenue	general revenue	general revenue	earmarked general revenue (Min. of Recreation & Culture)
Arts Commissions	no	no	no	no	yes	no
Arts Profit Sharing	regular programs	regular programs	regular programs	regular programs	regular programs	audience, capital, matching endow & equip grants + regular programs
<b>PRIVATE OPERATED</b>						
Licencing Authority	none	none	Lottery Comm.	Lottery Comm.	Regie des loteries et courses	Lotteries Branch Consumer & Commer. Relations
Arts Participation	not clear	not clear	yes	not clear	yes	yes

	WESTERN CANADA LOTTERY FOUNDATION					
	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon	Northwest Terr.
<b>GOVERNMENT OPERATED</b>						
Authority	Lottery Comm.	WCLF/Sask Div.	WCLF/Alta Div.	Lotteries Branch Prov. Secretary & Gov't Services	Lottery Comm.	Sports North
Distributors	WLMD (Manitoba Arts Council)	Sask Sports	commercial	non-profit (arts)	non-profit (arts)	Sports North
Retailers	commercial & non-profit (arts)	commercial & non-profit (arts)	commercial & bonus non-profit	commercial & non-profit (arts)	commercial & non-profit (arts)	commercial & non-profit (arts)
Profits	earmarked general revenue (Dept. of Cult. Affairs)	Sask Sports Trust	WCLF/Alta Div.	B.C. Lottery Fund	Lottery Comm. (arts)	Sports North
Arts Commissions	no	no	no	no	no	no
Arts Profit Sharing	project grants tied grants to MAC + regular programs (Dept. of Cult. Affairs)	Sask Sports Rec & Cult Div. + regular programs & Sask Arts Bd.	seven arts foundations & associations + regular programs (Alta Culture)	cap & equip grants (arts) & supplement BC Culture Fund	project grants (arts) + regular programs Dept. of Ed	special transfers to non-profit retailers (arts)
<b>PRIVATE OPERATED</b>						
Licencing	Licensing Bd. Attorney-General	Licensing Div. Consumer Affairs	Gaming Comm. Attorney-General	Lotteries Br. Prov. Secretary & Gov't Services	Consumer & Corp. Affairs	Consumer Services Justice
Arts Participation	yes	yes	yes	yes	yes	yes

Research & Evaluation  
Canada Council

## Employment

### Arts Labour Force

1.62 In the airline industry a large number of ground personnel are required to keep an airplane flying. Similarly in the arts industry a large number of technical and administrative personnel are required to keep artists on stage, in front of the camera, in print or in galleries. According to the Canadian Classification of Occupations Dictionary (Manpower & Immigration, 1974) there are at least 278 distinct arts-related occupations including artists, technicians and administrators (Research & Evaluation, 1984). Unfortunately data generated using this classification system do not distinguish between the fine and commercial arts. Accordingly, except where specifically noted, the following analysis concerns the arts industry.

1.63 On a comparative basis between 1971 and 1981 the arts industry labour force increased 58% from 150,080 to 236,610 (Table 11, page 32). In 1981 the arts industry had a total labour force of 234,280 or 2% of the Canadian labour force (Table 11b, page 32b). Of this total 52% were men and 48% were women. Women in the arts industry represented 3% of all women in the labour force. Artists made 24% of the arts industry labour force, other arts-related occupations such as librarians, camerapersons and projectionists 18%, arts administrators represented 8% and support personnel 50%.

Artists

1.64 Between 1971 and 1981 the arts labour force, as distinct from the arts industry labour force, increased 74% from 156,455 to 272,640 (Table 12, page 34). In fact only 35% of the arts labour force worked in the arts industry. The remainder worked in all other parts of the economy. Between 1971 and 1981 the number of artists increased 102% from 65,445 to 131,930 (Table 12, page 34). In fact the number of artists increased more than two and a half times faster, in relative terms, than did the total labour force. As a per cent of the total labour force, artists increased from 0.8% in 1971 to 1.1% in 1981.

1.65 In 1981 artists represented 0.8% of the adult population over 15 years of age (Table 13, page 34b). However, artists represented 1.1% of employed Canadians and only 1% of unemployed Canadians. In 1981 artists had an average unemployment rate of 6% compared to 7% for the labour force as a whole.

1.66 Artists were significantly better educated than the Canadian labour force as a whole (Table 14, page 36). Only 48% of the labour force had some post-secondary education or more, but 73% of artists had some post-secondary education or more. Similarly artists were, on average, younger than the labour force as a whole (Table 15, page 36b). Approximately 60% of artists were between 15 and 34 years of age while only 53% of the labour force was between 15 and 34 years of age. An interesting fact is that 3% of all artists worked after 65 years of age compared to 2% of the total labour force.

1.67 There are two distinct groups of artists working in Canada. The first is artists who are self-employed. The second is artists who are employees. According to Revenue Canada (Research & Evaluation, 1983a, 26-27) there were some 9,778 self-employed artists in 1974. Of this total 5,983 or 61% had taxable income and 39% had no taxable income. In 1980 there were some 16,715 self-employed artists, a 71% increase in seven years. During the period 1974 to 1980

**Table II**  
**GROWTH IN THE ARTS INDUSTRY EXPERIENCED ARTS LABOUR FORCE**  
**BY INDUSTRY**  
**1971 to 1981**

INDUSTRY (1)	1971	1981	DIFFERENCE	% GROWTH
(a) Men & Women				
ALL INDUSTRIES	8,626,930	12,005,320	3,378,390	39
ARTS INDUSTRY	150,080	236,610	86,530	58
as a % of All Industries	2%	2%	3%	149
288 Publishing Only	7,035	14,800	7,765	110
289 Publishing & Printing	43,730	44,350	620	1
543 Radio & TV Broadcasting	24,130	44,635	20,505	85
691 Book & Stationary Stores	8,000	16,025	8,025	100
803 Schools of Fine & Performing Arts	9,055	11,765	2,710	30
807 Libraries, Museums & Other Repositories	14,480	27,085	12,605	87
841 Motion Picture Theatres	9,880	11,570	1,690	17
842 Motion Pictures Producers & Distribution	4,605	8,520	3,915	85
845 Theatrical & Other Staged Entertainment	8,410	19,085	10,675	127
862 Advertising Services	14,305	25,915	11,610	81
863 Offices of Architects	6,450	12,860	6,410	99
(b) Men				
ALL INDUSTRIES	5,665,720	7,152,205	1,486,485	26
ARTS INDUSTRY	90,170	123,215	33,045	37
as a % of All Industries	2%	2%	2%	142
288 Publishing Only	3,610	6,155	2,545	71
289 Publishing & Printing	31,315	24,895	(6,420)	(21)
543 Radio & TV Broadcasting	17,540	30,205	12,665	72
691 Book & Stationary Stores	3,395	5,450	2,055	61
803 Schools of Fine & Performing Arts	2,425	3,120	695	29
807 Libraries, Museums & Other Repositories	4,060	7,300	3,240	80
841 Motion Picture Theatres	4,860	5,540	680	14
842 Motion Pictures Producers & Distribution	2,895	4,825	1,930	67
845 Theatrical & Other Staged Entertainment	6,090	12,845	6,755	111
862 Advertising Services	8,770	13,375	4,605	53
863 Offices of Architects	5,210	9,505	4,295	82
(c) Women				
ALL INDUSTRIES	2,961,210	4,853,120	1,891,910	64
ARTS INDUSTRY	59,415	113,290	53,875	91
as a % of All Industries	2%	2%	3%	142
288 Publishing Only	3,430	8,640	5,210	152
289 Publishing & Printing	12,335	19,420	7,085	57
543 Radio & TV Broadcasting	6,625	14,425	7,800	118
691 Book & Stationary Stores	4,515	10,590	6,075	135
803 Schools of Fine & Performing Arts	6,545	8,655	2,110	32
807 Libraries, Museums & Other Repositories	10,360	19,780	9,420	91
841 Motion Picture Theatres	4,985	6,020	1,035	21
842 Motion Pictures Producers & Distribution	1,655	3,670	2,015	122
845 Theatrical & Other Staged Entertainment	2,250	6,260	4,010	178
862 Advertising Services	5,495	12,535	7,040	128
863 Offices of Architects	1,220	3,295	2,075	170

- figures may not add due to rounding -

#### LEGEND

Source: Census Economic Characteristics, Census and Household Statistics Branch, Statistics Canada.

(1) Defined using 1970 Standard Industrial Classification.

Figures may not agree with corresponding 1980 Standard Industrial Classification.

**Table 11 (b)**  
**ARTS INDUSTRY LABOUR FORCE BY**  
**OCCUPATION & SEX**  
**1981**

OCCUPATION	EXPERIENCED LABOUR FORCE	MEN	WOMEN
<b>ALL INDUSTRIES</b> as a % of Total Labour Force	11,877,035 100%	7,080,090 60%	4,796,945 40%
<b>ARTS INDUSTRY</b> as a % of All Industries as a % of Arts Industry Labour Force	234,280 296 100%	122,075 2% 52%	111,910 2% 48%
<b>ARTS ADMINISTRATORS</b> as a % of Arts Industry Labour Force	18,780 8%	11,840 10%	6,900 6%
1130 General Managers and Other Senior Officials	1,405	1,235	165
1132 Management Occ., Social Sciences and Rel	390	165	215
1133 Administrators in Teaching and Related Fields	325	165	165
1137 Sales and Advertising Management Occupations	5,315	3,815	1,495
1147 Management Occ., Transport and Communications Op.	1,165	930	240
1149 Other Managers and Administrators, n.e.c.	4,140	2,325	1,795
1171 Accountants, Auditors & Other Financial Officers	2,350	1,355	990
1179 Occ. Related to Management and Administration	3,690	1,850	1,835
<b>ARTS LABOUR FORCE</b> as a % of Arts Industry Labour Force	98,485 42%	62,240 51%	35,295 33%
<b>ARCHITECTS &amp; ENGINEERS (214/215)</b>			
2141 Architects	5,485	5,025	460
<b>LIBRARY, MUSEUM AND ARCHIVAL SCIENCES (235)</b>			
2350 Supervisors: Library, Museum and Archival Sc.	7,350	1,705	5,660
2351 Librarians, Archivists & Conservationists	1,045	440	610
2353 Technicians: Library, Museum & Archival Sc.	4,610	695	3,725
2359 Library, Museum & Archival Sciences, n.e.c.	845	285	560
1,050	285	765	
<b>OTHER TEACHING &amp; RELATED OCCUPATIONS (279)</b>			
2792 Fine Arts Teachers, n.e.c.	9,540	2,280	7,270
<b>ARTISTIC, LITERARY, PERFORMING ARTS &amp; RELATED (33)</b>			
<b>FINE &amp; COMMERCIAL ART, PHOTOGRAPHY &amp; RELATED (331)</b>			
3311 Painters, Sculptors & Related Artists	11,025	7,570	3,460
3313 Product and Interior Designers	385	255	120
3314 Advertising and Illustrating Artists	1,380	840	545
3315 Photographers and Camera Operators	7,125	4,600	2,520
3319 Fine & Commercial Art, Photo. & Related, n.e.c.	1,970	1,805	175
165	70	100	
<b>PERFORMING &amp; AUDIO-VISUAL ARTS (333)</b>			
3330 Producers & Directors	28,515	21,255	7,285
3331 Conductors, Composers & Arrangers	7,865	5,550	2,320
3332 Musicians and Singers	525	475	55
3333 Related Music & Musical Entertainment, n.e.c.	8,685	6,950	1,730
3334 Choreographers & Dancers	510	440	70
3335 Actors/Actresses	585	110	480
3337 Radio and Television Announcers	2,320	1,310	1,020
3339 Performing & Audio-visual Arts, n.e.c.	5,785	4,735	1,050
2,240	1,685	560	
<b>WRITING (335)</b>			
3351 Writers and Editors	15,995	9,590	6,415
3355 Translators and Interpreters	15,445	9,380	6,070
3359 Writing, n.e.c.	295	165	130
	255	45	215
<b>PRINTING &amp; RELATED (951)</b>			
9510 Foremen, Printing and Related	13,295	8,495	4,815
9511 Typesetting and Composing	1,020	820	195
9512 Printing Press	3,810	1,920	1,900
9513 Stereotyping and Electroplating	3,660	3,390	270
9514 Printing/Engraving - Except Photoengraving	30	35	-
9515 Photoengraving and Related	235	205	25
9517 Bookbinding and Related	575	475	95
9518 Labouring & Other Elemental Work, Printing & Rel.	990	255	730
9519 Other Printing and Related, n.e.c.	1,325	665	665
1,670	730	935	
<b>ELECTRONIC &amp; RELATED COMMUNICATIONS EQUIP. n.e.c. (955)</b>			
9550 Foremen, Electronic & Rel. Commun. Equip.	6,065	5,510	545
9551 Radio and TV Broadcasting Equipment Operators	605	550	50
9555 Sound & Video Recording & Reproduction Operators	2,560	2,235	325
9557 Motion Picture Projectionists	1,425	1,300	115
9559 Other Electronic & Rel. Commun. Equip. n.e.c.	1,410	1,365	45
65	60	10	
<b>OTHER CRAFTS AND EQUIPMENT OPERATING (959)</b>			
9590 Foremen, Other Crafts and Equipment Operating	1,215	820	370
9591 Photographic Processing	105	90	20
9599 Other, Other Crafts and Equipment Operating, n.e.c.	995	655	320
115	75	30	
<b>NON-ARTS LABOUR FORCE excl. Arts Admin.</b> as a % of Arts Industry Labour Force	117,015 50%	47,995 39%	68,715 61%

- figures may not add due to rounding -

**LEGEND**

Source: Census Economic Characteristics, Census and Household Statistics Branch, Statistics Canada.

the number of self-employed artists grew at an average annual rate of 8.4%. In 1980, some 7,642 or 46% of self-employed artists had taxable income, and 9,073 or 54% had no taxable income. In 1980 self-employed artists paid \$12.9 million in federal income tax and \$4.3 million in provincial income tax. Income, measured in constant 1971 dollars, fell from \$4,835 in 1974 to \$4,352 in 1980, second only to pensioners as the lowest paid occupational classification. The low level of professional income leads many artists to rely upon secondary employment in non-arts occupations and/or to rely upon the income of a spouse.

1.68 There are approximately 110,000 fine and commercial artists who work as employees throughout the economy. Of this total it is guesstimated that there is some 10,000 fine artists. The fine artist as employee is, however, as financially distressed as the self-employed artist. On average, no artistic profession such as dancer, musician or actor provides a working season of sufficient length or with sufficient salary to support a family of four above the poverty line (Research & Evaluation, 1983a, 28).

#### Demand

1.69 According to a forecast by Employment and Immigration, occupational requirements in the arts are growing second only to skilled construction workers (Research & Evaluation, 1983a, 29). Overall occupational requirements are forecast to grow by 28% between 1979 to 1985. Occupations in the arts are forecast to grow by an average of 33% and as much as 45% in the case of actors. In light of the cancellation of several "mega-projects" assumed in the forecast, artistic occupational requirements are probably the fastest growing of any occupational group in the Canadian economy.

#### Professionalism

1.70 Fine and applied arts graduates represented 2% of the 69,000 students graduating in 1976 (Research & Evaluation, 1983a, 29). Two years after graduation 71% of fine and applied arts graduates had jobs compared with 89% for all graduates. Fine and applied arts graduates, at the masters' level, earned 73% of all masters' graduates and only 12% obtained employment related to their training.

1.71 As confirmed by studies of theatre and music training (Applebaum, Hebert, et al, 1982), the low initial employment rate of fine arts graduates reflects a "gap between graduation and professionalism". Post-secondary arts education in Canada is generally high in theory and low in practical training. Professional training schools and apprenticeship training, on the other hand, result in a strikingly different career path.

1.72 In 1980 the Canada Council and Statistics Canada conducted a control group survey of National Theatre School graduates and theatre professionals trained in universities and colleges (Lemieux, Young, et al, 1981). A comparison of the career paths of these two groups revealed that National Theatre School graduates significantly excelled their colleagues with respect to time required to obtain first employment, duration of employment, job satisfaction, and income.

1.73 In most artistic occupations, excepting "the solitary arts" such as the literary and visual arts, professional schools and apprenticeship training are the most effective way of developing and training highly skilled arts professionals. Unfortunately positions in professional training institutions and apprenticeship programs are limited by the extremely difficult financial situation of Canadian

**Table 12**  
**GROWTH IN EXPERIENCED ARTS LABOUR FORCE BY OCCUPATION**  
**1971 to 1981**

OCCUPATION (1)	1971 CENSUS	1981 CENSUS	DIFFERENCE	% CHANGE
<b>TOTAL LABOUR FORCE</b>	<b>8,626,930</b>	<b>12,005,320</b>	<b>3,378,390</b>	<b>39</b>
ARTS LABOUR FORCE as a % of Total Labour Force	156,455 2%	272,640 2%	116,185 3%	74 190
<b>ARCHITECTS &amp; ENGINEERS (214/215)</b>				
2141 Architects	4,040	7,110	3,070	76
<b>LIBRARY, MUSEUM &amp; ARCHIVAL SCIENCES (235)</b>				
2350 Supervisors	1,185	2,190	1,005	131
2351 Librarians & Archivists	7,225	15,565	8,340	85
2353 Technicians	1,430	3,665	2,235	115
2359 Other, n.e.c.	580	2,635	2,055	156
<b>OTHER TEACHING &amp; RELATED OCCUPATIONS (279)</b>				
2792 Fine Arts Teachers, n.e.c.	14,505	18,685	4,180	29
<b>ARTISTIC, LITERARY, PERFORMING ARTS &amp; RELATED (33)</b>				
<b>FINE &amp; COMMERCIAL ART, PHOTOGRAPHY &amp; RELATED (331)</b>				
3311 Painters, Sculptors and Related Artists	30,000	57,745	27,745	93
3313 Product & Interior Designers	2,310	7,950	5,640	244
3314 Advertising & Illustrating Artists	13,430	21,145	7,715	57
3315 Photographers & Cameramen	8,300	18,965	10,665	129
3319 Other, n.e.c.	5,470	9,010	3,540	65
485	680	195	40	
<b>PERFORMING &amp; AUDIO-VISUAL ARTS (333)</b>				
3330 Producers & Directors	18,400	38,475	20,075	109
3332 Musicians	3,850	9,750	5,900	153
3333 Dancers & Choreographers	9,075	14,650	5,575	61
3335 Actors/Actresses	370	1,020	650	176
3337 Radio & Television Announcers	1,030	2,815	1,785	173
3339 Other, n.e.c.	2,915	5,865	3,350	133
1,565	4,380	2,815	180	
<b>WRITING (335)</b>				
3351 Writers & Editors	17,045	35,710	18,665	110
3355 Translators & Interpreters	14,780	28,755	13,975	95
3359 Other, n.e.c.	1,995	6,240	4,245	213
265	710	445	168	
<b>PRINTING &amp; RELATED (951)</b>				
9510 Foremen	49,705	71,340	21,635	44
9511 Typesetting and Composing	6,710	7,685	975	15
9512 Printing Press	12,800	13,730	930	7
9513 Stereotyping and Electrotyping	10,990	19,370	8,380	76
9514 Printing/Engraving - Except Photoengraving	450	135	-315	-70
9515 Photoengraving and Related	3,040	3,510	470	16
9517 Bookbinding and Related	1,360	2,605	1,245	92
9518 Labouring, Other Elemental Work, Printing & Related	6,870	10,010	3,140	46
9519 Other, n.e.c.	1,735	4,175	2,440	141
5,750	10,125	4,375	76	
<b>ELECTRONIC &amp; RELATED COMMUNICATIONS EQUIP. n.e.c. (955)</b>				
9550 Foremen	6,660	9,700	3,040	46
9551 Radio & TV Broadcasting Equipment Operators	1,145	1,345	200	18
9555 Sound & Video Recording & Reproduction Equipment	3,500	4,125	626	18
9557 Motion Picture Projectionists	365	2,095	1,730	474
9559 Other, n.e.c.	1,465	1,665	200	14
185	470	285	154	
<b>OTHER CRAFTS &amp; EQUIPMENT OPERATING (959)</b>				
9590 Foremen	5,680	9,815	4,135	73
9591 Photographic Processing	770	1,120	350	46
9599 Other, n.e.c.	4,535	8,360	3,825	84
160	340	180	113	

- figures may not add due to rounding -

#### LEGEND

Source: Census Economic Characteristics, Census and Household Statistics Branch, Statistics Canada.

(1) Compiled using 1970 occupational classification. Figures for 1980 will not agree with those displayed in other tables calculated using 1980 classification.

**Table 13**  
**ADULT POPULATION BY ARTS LABOUR FORCE ACTIVITY, OCCUPATION & SEX**  
**1981**

OCCUPATION	Adult Population (1)	Employed	Unemployed	Labour Force	Not in Labour Force	Unemployment Rate
<b>TOTAL ADULT POPULATION</b> as a % of Total Adult Population	<b>18,609,285</b> 100%	<b>11,167,915</b> 60%	<b>886,235</b> 5%	<b>12,054,155</b> 65%	<b>6,555,130</b> 35%	<b>7</b> ...
<b>ARTISTIC ADULT POPULATION</b> as a % of Artistic Adult Population	<b>304,455</b> 100%	<b>261,985</b> 86%	<b>16,270</b> 5%	<b>278,260</b> 91%	<b>26,190</b> 9%	<b>6</b> ...
as a % of Total Adult Population	2%	2%	2%	2%	--	86
<b>ARCHITECTS &amp; ENGINEERS (214/215)</b>						
2141 Architects	7,805	7,490	120	7,610	195	2
<b>LIBRARY, MUSEUM &amp; ARCHIVAL SCIENCES (235)</b>						
2350 Supervisors	2,905	2,300	1,320	24,620	2,285	5
2351 Librarians & Archivists	2,060	1,885	55	1,940	120	3
2353 Technicians	16,840	14,985	605	15,590	1,245	4
2359 Other, n.e.c.	3,695	3,400	265	3,660	305	7
Unassigned	3,025	2,205	320	2,525	500	13
1,010	830	65	900	115	7	
<b>OTHER TEACHING &amp; RELATED OCCUPATIONS (279)</b>						
2792 Fine Arts Teachers, n.e.c.	21,675	17,595	845	18,445	3,230	5
<b>ARTISTIC, LITERARY, PERFORMING &amp; REL. (33)</b>						
<b>FINE &amp; COMMERCIAL ART, PHOTOGRAPHY &amp; REL. (331)</b>						
3311 Painters, Sculptors & Related Artists	64,125	55,570	3,145	58,715	5,410	5
8,835	7,545	340	7,885	955	4	
3313 Product & Interior Design	23,165	19,930	1,130	21,060	2,105	5
3314 Advertising & Illustrating Artists	19,650	17,515	990	18,510	1,140	5
3315 Photographers & Cameramen	9,670	8,530	440	8,965	705	5
3319 Other, n.e.c.	705	520	100	615	90	16
Unassigned	2,100	1,540	150	1,685	415	9
<b>PERFORMING &amp; AUDIO-VISUAL ARTS (333)</b>						
3330 Producers & Directors	43,745	35,670	3,640	39,305	4,440	9
9,705	8,800	490	9,290	415	5	
3331 Conductors, Composers & Arrangers	1,040	900	45	940	95	5
14,050	11,280	1,170	12,450	1,595	9	
3332 Musicians & Singers	1,310	990	145	1,140	170	13
3333 Related Musicians & Entertainers, n.e.c.	1,125	860	140	1,000	125	14
3334 Dancers & Choreographers	3,455	2,265	440	2,700	750	16
3335 Actors/Actresses	6,150	5,425	410	5,835	310	7
3337 Radio & TV Announcers	5,325	4,015	615	4,630	695	13
3339 Other, n.e.c.	1,600	1,125	180	1,305	290	14
Unassigned						
<b>WRITING (335)</b>						
3351 Writers & Editors	39,665	34,790	1,840	36,635	3,035	5
30,825	27,495	1,385	28,885	1,940	5	
3355 Translators & Interpreters	7,010	5,880	340	6,220	795	5
3359 Other, n.e.c.	495	400	45	445	55	10
Unassigned	1,335	1,015	75	1,090	245	7
<b>PRINTING AND RELATED (951)</b>						
9510 Foremen	78,550	68,570	4,160	72,230	5,815	6
7,010	6,650	105	6,765	255	2	
9511 Typesetting and Composing	10,430	9,295	475	9,775	655	5
24,120	22,345	875	23,215	905	4	
9513 Stereotyping and Electrotyping	140	120	20	135	5	15
9514 Printing/Engraving - Except Photoengraving	3,555	3,365	70	3,430	120	2
2,760	2,530	115	2,695	115	4	
9515 Photoengraving	11,400	8,760	1,005	9,765	1,630	10
9517 Bookbinding and Related	4,790	3,605	530	4,125	660	13
9518 Labour, Other Elemental Work, Print. & Rel.	11,115	9,270	725	9,995	1,115	7
9519 Other, n.e.c.	3,225	2,630	245	2,875	350	9
Unassigned						
<b>ELECTRONIC &amp; REL. COMMUNIC. EQUIP. n.e.c. (955)</b>						
9550 Foremen	10,930	9,690	540	10,230	695	5
1,410	1,295	50	1,345	65	4	
9551 Radio & TV Broadcasting Equipment Operators	4,175	3,795	180	3,975	205	5
2,445	2,130	155	2,280	165	7	
9555 Motion Picture Projectionists	1,800	1,545	105	1,650	150	6
9559 Other, n.e.c.	500	430	30	460	40	7
Unassigned	600	505	20	525	75	4
<b>OTHER CRAFTS &amp; EQUIPMENT OPERATING (959)</b>						
9590 Foremen	11,055	9,305	660	9,970	1,085	7
1,070	1,005	20	1,020	50	2	
9591 Photographic Processing	9,140	7,695	565	8,260	380	7
395	310	25	330	65	8	
9599 Other, n.e.c.	450	300	55	350	90	16
Unassigned						

- figures may not add due to rounding -

#### LEGEND

Source: Census Economic Characteristics, Census and Household Statistics Branch, Statistics Canada.

(1) Adult population includes Canadians 15 years of age and older excluding inmates.

artistic enterprises. The Stratford Festival and the Royal Conservatory in Toronto have benefited from some programs operated under the National Training Act. However, in 1982-83 funding under the National Training Act was approximately \$850 million of which only \$3 million or less than 0.4% went to arts-related occupations (Bougault, 1983). This compares with approximately 5% of job creation and training funds going to arts-related activities in the United States and Great Britain during their most recent policy cycles (Chartrand, 1979b).

#### Unionism

1.74 The fine arts, particularly the media and performing arts, are a highly unionized sector of the economy. The high degree of unionization is the combined result of the historical exploitation of creators, performers and technical support staff, craft traditions in many technical professions and nearly a century of adapting to significant technological change, e.g., the impact of recording technologies on the employment of musicians.

1.75 The industrial relations system in the fine arts tends to reflect the nature of the production process in the individual art forms (Chartrand, 1977). In the literary and visual arts, production tends to be individualistic and artists tend to form relatively loose professional associations such as the Writers' Union, and Canadian Artists' Representation. Through professional associations artists bargain and negotiate standard contracts with publishers, visual art dealers and gallery curators. In the performing and media arts, which have collective production processes involving a mix of skills, unions such as Actors' Equity, the Association of Canadian Television and Radio Artists (ACTRA), International Alliance of Theatre Stage Employees (IATSE), and the National Association of Broadcast Employees and Technicians (NABET) represent most artists and technicians.

1.76 There are three major characteristics of the production process in the media and performing arts. First, the product - a play, film or television program - is highly unique and artistic. This results in unions establishing minimum terms of employment with a significant degree of flexibility in individual negotiations with managements for terms in excess of these minimums. Accordingly the "star" system in motion pictures and the "crown system" in the performing arts is compatible with a high degree of unionization. The collective bargaining process is also characterized by a high level of individual participation in negotiations. The "professional" status of members make it difficult for union leaders to represent the rank-and-file and in obtaining their support for collective agreements.

1.77 Second, performers and technical personnel tend to organize along narrow craft or occupational lines. Managements therefore have to negotiate with a number of different unions. Furthermore there is a great deal of inter-union competition including "coercive comparison" of relative wage and salary levels as well as inter-union jurisdictional disputes. Each craft union is usually responsible for a particular function. In the performing arts it is a general practice that theatres and concert halls are union shops which means the union can establish membership requirements, limit entry and control management hiring practices.

1.78 Third, most fine arts organizations operate as non-profit institutions in which artistic and professional standards are not necessarily related to maximizing financial renumeration. The non-profit nature of employers limits the effectiveness of strike action. After the initial shock effect of a strike there is no real financial burden to an employer whose major costs are salaries. Furthermore

**Table 14**  
**EXPERIENCED ARTS LABOUR FORCE BY LEVEL OF EDUCATION & OCCUPATION**  
**1981**

OCCUPATION	Public School or less	High School	Trade or Other Non-Univ	Some Univs.	Bachelor or Other 1st Degree	Post-Bac. Certific.	Master's Degree	Doctoral Degree	TOTAL
<b>TOTAL LABOUR FORCE as a % of Total Labour Force</b>	<b>1,566,220 13%</b>	<b>4,553,190 38%</b>	<b>3,301,575 28%</b>	<b>1,172,705 10%</b>	<b>889,560 7%</b>	<b>147,030 1%</b>	<b>195,935 2%</b>	<b>50,820 --</b>	<b>11,877,035 100%</b>
<b>ARTS LABOUR FORCE as a % of Arts Labour Force</b>	<b>14,860 5%</b>	<b>81,875 28%</b>	<b>83,320 30%</b>	<b>40,280 15%</b>	<b>38,590 14%</b>	<b>6,385 2%</b>	<b>11,755 4%</b>	<b>1,175 --</b>	<b>278,250 100%</b>
<b>as a % of Total Labour Force (1)</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>	<b>6%</b>	<b>6%</b>	<b>2%</b>	<b>2%</b>
<b>ARCHITECTS &amp; ENGINEERS (214/215)</b>									
2141 Architects	20	80	575	605	4,485	940	880	20	7,610
<b>LIBRARY, MUSEUM &amp; ARCHIVAL SC. (235)</b>									
2350 Supervisors	485	3,430	5,825	3,765	4,740	1,500	4,675	190	24,620
2351 Librarians & Archivists	40	210	335	275	490	140	410	45	1,940
2353 Technicians	160	1,840	2,775	2,145	3,340	1,280	3,970	90	15,590
2359 Other, n.e.c.	130	430	1,675	660	540	65	135	30	3,660
Unassigned	-	685	865	600	250	15	95	15	2,530
	155	265	175	80	120	10	70	15	895
<b>OTHER TEACHING &amp; REL. OCCUPATIONS (279)</b>									
2792 Fine Arts Teachers, n.e.c.	370	3,900	4,305	3,855	3,905	895	1,075	135	18,445
<b>ARTISTIC, LITERARY PERFORM. &amp; REL. (33)</b>									
<b>FINE &amp; COMM. ART, PHOTO. &amp; REL. (331)</b>									
3311 Painters, Sculptors & Rel Artists	2,755	14,955	24,080	9,565	6,000	620	700	40	58,715
3313 Product & Interior Design	660	1,840	2,545	1,375	1,050	115	275	20	7,885
3314 Advertising & Illustrating Artists	1,040	5,750	8,670	3,215	2,030	190	150	15	21,060
3315 Photographers & Cameramen	460	4,185	8,495	3,005	1,985	230	145	-	18,505
3319 Other, n.e.c.	300	2,470	3,550	1,705	780	55	100	-	8,970
Unassigned	35	160	260	105	50	5	10	-	615
	255	545	560	165	115	20	15	5	1,685
<b>PERFORMING &amp; AUDIO-VISUAL ARTS (333)</b>									
3330 Producers & Directors	1,410	11,520	10,150	8,295	6,010	745	1,075	100	39,305
3331 Conductors, Composers & Arrangers	75	1,735	2,400	2,240	2,165	235	390	45	9,290
3332 Musicians & Singers	10	255	165	210	205	20	65	10	945
3333 Rel. Musicians & Entertain. n.e.c.	535	4,490	2,545	2,530	1,690	270	380	20	12,455
3334 Dancers & Choreographers	65	555	285	170	65	10	-	-	1,140
3335 Actors/Actresses	85	505	205	125	65	10	-	-	1,000
3337 Radio & TV Announcers	50	430	820	655	625	65	60	-	2,705
3339 Other, n.e.c.	75	1,445	2,135	1,280	670	80	135	10	5,840
Unassigned	270	1,665	1,340	890	390	55	20	10	4,630
	235	445	255	190	145	10	30	10	1,310
<b>WRITING (335)</b>									
3351 Writers & Editors	595	5,360	6,765	7,545	11,045	1,485	3,160	685	36,630
3355 Translators & Interpreters	295	4,435	5,925	6,025	8,305	985	2,365	540	28,880
3359 Other, n.e.c.	100	555	550	1,270	2,470	460	710	115	6,220
Unassigned	5	95	95	80	105	20	35	10	445
	190	275	200	170	165	15	50	25	1,090
<b>PRINTING &amp; RELATED (951)</b>									
9510 Foremen	8,115	35,470	23,705	3,885	1,305	105	135	5	72,730
9511 Typesetting and Composing	510	2,770	2,685	540	230	20	15	-	6,760
9512 Printing Press	270	4,470	3,905	720	340	30	45	5	9,775
9513 Stereotyping and Electrotyping	2,190	11,170	8,505	1,100	215	15	10	-	23,215
9514 Print/Engrav. exc. Photoengrav.	30	65	30	10	-	-	-	-	135
9515 Photoengraving	220	1,345	1,560	255	45	5	-	-	3,430
9517 Bookbinding and Related	135	1,050	1,215	165	65	20	-	-	2,650
9518 Labour, Element Work, Print. & Rel.	1,825	5,380	2,155	305	85	-	10	-	9,765
9519 Other, n.e.c.	825	2,320	755	180	45	5	-	-	4,130
Unassigned	1,465	5,580	2,210	480	220	10	25	-	9,995
	645	1,325	690	125	55	10	25	-	2,875
<b>ELECT. &amp; REL COMMUN. EQUIP. n.e.c. (955)</b>									
9550 Foremen	415	2,970	4,595	1,535	625	50	40	-	10,230
9551 Radio & TV Broadcast Equip. Oper.	40	430	370	220	70	-	15	-	1,345
9555 Sound & Video Reproduction Equip.	55	1,075	1,870	640	295	15	20	-	3,970
9557 Motion Picture Projectionists	65	585	1,060	380	160	30	5	-	2,280
9559 Other, n.e.c.	120	520	735	190	80	-	-	-	1,650
Unassigned	10	180	190	75	-	-	-	-	460
	120	185	170	30	20	-	-	-	525
<b>OTHER CRAFTS &amp; EQUIP. OPERATING (959)</b>									
9590 Foremen	695	4,190	3,320	1,230	475	45	15	-	9,965
9591 Photographic Processing	50	250	515	130	80	-	-	-	1,020
9599 Other, n.e.c.	550	3,635	2,620	1,030	370	40	15	-	8,260
Unassigned	30	160	95	35	5	5	-	-	330
	60	145	90	30	20	-	-	-	355

- figures may not add due to rounding -

#### LEGEND

Source: Census Economic Characteristics, Census and Household Statistics Branch, Statistics Canada.

(1) Arts Labour Force calculated as a % of Total Labour Force column total.

**Table 15**  
**EXPERIENCED ARTS LABOUR FORCE BY AGE GROUP & OCCUPATION**  
**1981**

OCCUPATION	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
<b>TOTAL LABOUR FORCE</b>							
as % of Total Labour Force	2,944,860	3,344,350	2,340,370	1,829,350	1,181,345	236,760	11,877,035
	25%	28%	20%	15%	10%	2%	100%
<b>ARTS LABOUR FORCE</b>							
as % of Arts Labour Force	60,510	97,795	53,620	37,050	22,085	7,185	278,245
as a % of Total Labour Force	22%	35%	19%	13%	8%	3%	100%
	2%	3%	2%	2%	2%	3%	2%
<b>ARCHITECTS &amp; ENGINEERS (214/215)</b>							
2141 Architects	305	3,040	2,050	1,295	750	170	7,610
<b>LIBRARY, MUSEUM AND ARCHIVAL SCIENCES (235)</b>							
2350 Supervisors	3,595	8,775	5,105	3,560	2,755	825	24,615
2351 Librarians & Archivists	105	750	495	275	260	50	1,940
2353 Technicians	585	5,845	3,935	2,735	2,020	480	15,590
2359 Other, n.e.c.	805	1,695	465	340	315	50	3,655
Unassigned	1,935	350	120	50	55	25	2,530
	160	155	90	175	100	220	900
<b>OTHER TEACHING AND RELATED OCCUPATIONS (279)</b>							
2792 Fine Arts Teachers, n.e.c.	3,390	5,435	3,840	2,895	1,715	1,155	18,445
<b>ARTISTIC, LITERARY, PERFORMING ARTS &amp; REL. (33)</b>							
FINE & COMMERCIAL ART, PHOTOGRAPHY & REL. (331)	27,870	52,795	25,320	15,360	9,730	3,575	134,655
3311 Painters, Sculptors & Related Artists	12,385	21,395	11,495	7,550	4,565	1,320	58,715
3313 Product & Interior Design	1,105	2,655	1,800	1,220	790	320	7,885
3314 Advertising & Illustrating Artists	4,670	7,130	4,345	2,740	1,750	425	21,060
3315 Photographers & Cameramen	4,325	7,405	3,265	2,145	1,175	195	18,505
3319 Other, n.e.c.	1,770	3,560	1,700	1,115	640	190	8,965
Unassigned	180	235	120	55	30	5	615
	335	420	270	290	185	190	1,685
<b>PERFORMING &amp; AUDIO-VISUAL ARTS (333)</b>							
3330 Producers & Directors	10,250	16,375	6,315	3,495	1,885	990	39,305
3331 Conductors, Composers & Arrangers	1,150	4,120	2,255	1,235	485	45	9,290
3332 Musicians & Singers	130	395	155	105	105	65	940
3333 Related Musicians & Entertainers, n.e.c.	3,185	5,600	1,650	975	555	480	12,455
3334 Dancers & Choreographers	505	435	125	35	25	25	1,140
3335 Actors/Actresses	475	420	55	45	5	-	1,000
3337 Radio & TV Announcers	695	1,130	435	220	185	40	2,705
3339 Other, n.e.c.	2,120	2,295	770	425	160	70	5,835
Unassigned	1,585	1,630	695	410	260	45	4,630
	405	350	165	55	115	220	1,305
<b>WRITING (335)</b>							
3351 Writers & Editors	5,235	15,025	7,510	4,315	3,280	1,265	36,635
3355 Translators & Interpreters	4,120	11,830	6,070	3,360	2,540	965	28,885
3359 Other, n.e.c.	805	2,695	1,170	825	585	135	6,220
Unassigned	90	185	85	25	40	10	440
	220	315	190	105	115	160	1,085
<b>PRINTING AND RELATED (951)</b>							
9510 Foremen	19,535	20,690	13,965	11,670	5,785	1,085	72,730
9511 Typesetting and Composing	555	1,890	1,910	1,640	665	100	6,760
9512 Printing Press	2,500	2,995	1,835	1,505	810	135	9,780
9513 Stereotyping and Electrotyping	6,185	7,435	4,475	3,480	1,455	190	23,215
9514 Printing/Engraving - Except Photoengraving	30	30	30	35	20	-	140
9515 Photoengraving	580	1,080	865	635	240	30	3,430
9517 Bookbinding and Related	600	825	535	480	185	20	2,645
9518 Labour, Other Elemental Work, Print. & Rel.	2,680	2,325	1,865	1,725	1,010	150	9,770
9519 Other, n.e.c.	2,065	920	435	410	265	30	4,125
Unassigned	3,560	2,640	1,665	1,280	705	135	9,995
	780	560	340	465	435	295	2,870
<b>ELECTRONIC &amp; REL. COMMUNICAT. EQUIP. n.e.c. (955)</b>							
9550 Foremen	2,585	3,630	1,815	1,230	720	260	10,230
9551 Radio & TV Broadcasting Equipment Operators	60	380	490	290	115	10	1,345
9555 Sound & Video Record. & Reproduction Equip.	1,310	1,520	650	355	135	-	3,970
9557 Motion Picture Projectionists	550	1,075	305	250	75	20	2,280
9559 Other, n.e.c.	435	385	235	195	260	140	1,650
Unassigned	165	160	45	55	20	5	455
	55	110	75	75	125	90	525
<b>OTHER CRAFTS AND EQUIPMENT OPERATING (959)</b>							
9590 Foremen	3,230	3,430	1,525	1,040	630	115	9,965
9591 Photographic Processing	60	385	175	220	155	25	1,025
9599 Other, n.e.c.	2,975	2,820	1,235	745	430	55	8,260
Unassigned	90	125	45	40	20	10	330
	105	90	75	30	25	20	355

- figures may not add due to rounding -

#### LEGEND

Source: Census Economic Characteristics, Census and Household Statistics Branch, Statistics Canada.

the ephemeral nature of the "live" performance means that there is no inventory of performances that can be built up after a strike, and hence no overtime to compensate workers for wages lost. The cultural nature of the arts also tends to place a moral obligation on both management and labour to behave in a mature manner - loss of the audience is as serious a matter for the performer as for the management. Furthermore budgetary restraints faced by non-profit arts organizations serve to constrain the ability of a union to make significant salary or wage gains.

1.79 The ten largest unions in the arts industries had a total of 78,121 members in 1980 of which 80% were men and 20% were women (Statistics Canada, 1980).

**Table 16**  
**UNION MEMBERSHIP IN THE ARTS INDUSTRY**  
**1980**

UNION	MEN		WOMEN		TOTAL	
	#	%	#	%	#	%
Actors' Equity	1,525	58	1,099	42	2,624	100
ACTRA	4,009	61	2,517	39	6,526	100
NABET	4,578	90	500	10	5,078	100
Union des artistes	1,324	51	1,256	49	2,580	100
Amer. Guild of Variety Artists	37	34	71	66	108	100
Amer. Fed. of Musicians	29,560	87	4,498	13	34,058	100
Graphic Artists International	9,567	80	2,344	20	11,911	100
Newspaper Guild	2,906	71	1,203	29	4,109	100
Inter. Printing, Graphic Communication Union	6,940	82	1,560	18	8,500	100
Inter. Alliance of Theatrical Stage Employees	2,358	90	269	10	2,627	100
<b>TOTAL</b>	<b>62,804</b>	<b>80</b>	<b>15,317</b>	<b>20</b>	<b>78,121</b>	<b>100</b>

Source: Corporations and Labour Union Returns Act,  
Statistics Canada

#### Efficiency

1.80 The fine arts are an extremely "employment efficient" sector of the economy. A 1980 comparison of the twenty largest manufacturing industries and the performing arts reveals that of every revenue dollar earned by manufacturing companies only 20¢ was spent on salaries and wages. In the performing arts, on the other hand, 66¢ of every revenue dollar was spent on salaries and wages (Research & Evaluation, 1983a, 2-6). Given that average wages in the arts are less than half those in manufacturing, the employment advantage of the arts is at least six-to-one.

1.81 There are three other significant characteristics of artistic employment. First, artistic jobs provide "meaningful employment" in that workers receive a high degree of job satisfaction. Artistic workers also exhibit strong career commitment in spite of an average income second only to pensioners as the lowest paid occupational category recognized by Revenue Canada.

1.82 Second, employment in other sectors of the economy depends on depreciating physical capital. Employment in the arts, on the other hand, depends on the "appreciation" of human capital and the increasing excellence of Canadian artistic production. Appreciation of cultural capital is reflected in the increasing international success of Canadian artistic enterprises such as the Stratford Festival, the Royal Winnipeg Ballet and the Montreal Symphony. Such enterprises take as much as ten years to mature to "world-class" status but can collapse in a single season (Bladen, 1971). Similarly the "maturation" of creative or interpretative artists such as Alex Colville, Maureen Forrester and Karen Kain generally takes decades of practice to reach world-class status.

1.83 Third, professional artists are highly educated. They are an important part of Canada's stock of highly qualified personpower and contribute to the evolution of a Canadian cultural heritage to be shared by generations to come. Highly qualified personnel combined with employment intensity suggests that support to the fine arts can be a cost-effective employment strategy complementary to a high technology industrial strategy which, by its very nature, leads to declining employment in traditional sectors of the economy.

#### Taxation

1.84 Economic principles of taxation require that taxes should be collected in a manner such that those in "like" circumstances bear "like" burdens (horizontal equity), and that those in "unlike" circumstances bear "unlike" burdens (vertical equity). The relative burden of a given taxpayer should also reflect "ability-to-pay" and/or "benefits" received from the provision of public goods and services.

1.85 In practice, taxation often operates with little reference to these theoretical principles. Commentators have suggested that taxation of individual artists is a case where there exists a serious conflict between theory and practice (Touche Ross & Co., 1978, 1984). This conflict has recently attracted a great deal of attention in Parliament (House of Commons, 1983). Three interrelated issues of equity are involved including the right to average income, deduct expenses incurred in the practice of an artistic profession and access to social insurance benefits.

1.86 It is in the nature of arts that a long period of work is often required before significant income can be realized. For example, in any given season an actor may be able to obtain only a small number of supporting or character roles. In the following season chance and/or talent may provide a succession of leading roles and consequently, significantly higher income. Other occupations which experience significant "seasonality" in employment, specifically farmers and fishermen, are permitted to "block average" their income over a five-year period and to use a modified form of accrual or cash accounting. This special averaging provision is intended to take account of the risk of significant fluctuations in annual income. While artists are exposed to significant seasonality and fluctuations in income, they are only permitted to use the general "forward" averaging provisions available to the average taxpayer.

1.87 Under current tax practices and procedures artists are classed as either employees who work under a contract of service, or as self-employed professionals

who work under a contract for services. Classification materially affects individual artists. If classed as an employee, the artist is strictly limited in his or her right to deduct expenses incurred in the practice of an arts profession, e.g., make-up, costumes, instruments, etc. However, he or she is eligible for coverage under the Unemployment Insurance Act. If, on the other hand, the artist is classed as a self-employed professional then he or she can deduct all expenses incurred in the practice of an arts profession. As a self-employed professional an artist is not eligible for coverage under the Unemployment Insurance Act.

1.88 The nature and range of working relationships in the fine arts is such that the tax status of an individual artist can be very difficult to determine. For example an artist's status may be perfectly clear under a given contract. At the same time he or she may have several other engagements in process but under different arrangements. Accordingly for many artists uncertainty exists as to how tax officials will treat deductions and eligibility for unemployment insurance coverage. Most artists have neither the time nor resources required for a formal appeal against a decision made by tax officials. Further, no matter the result of such an appeal it would not be regarded as a binding precedent unless the terms of the contracts were identical. The inevitable result is uncertainty.

1.89 Thus high levels of uncertainty result from the administrative policies of National Revenue which insists on a consistent distinction between employee and self-employed status. In other countries including Denmark, Finland, Sweden and the United States such a distinction is not enforced. Artists, whether employees or not, are permitted to deduct all expenses incurred in the practice of their profession. In France artists are defined as "wage-earners working intermittently for multiple employers" (Touche Ross & Co., 1978). They are permitted to deduct a fixed 25% of their income. Of the seven countries studied it is only in Australia, Canada and the United Kingdom that the tax status uncertainty is a significant problem for the artist.

1.90 Eligibility for social security, including unemployment insurance, is defined by reference to three pieces of legislation. These are the Income Tax Act, the Unemployment Insurance Act and the Canada Pension Plan Act. The Department of National Revenue has adopted the administrative practice of determining an individual's status so that it is consistent under all three pieces of legislation.

1.91 While these administrative policies simplify matters for Revenue Canada it does not insure that artists are treated equitably. Individuals performing like artistic functions are not treated in a like manner. Those who are classed as self-employed are permitted to deduct expenses. They cannot, however, claim Unemployment Insurance benefits. Those classed as employees can claim Unemployment Insurance benefits but cannot deduct expenses from taxable income.

1.92 In Belgium, Denmark, Finland, France and Sweden artists are entitled to unemployment benefits and other social security privileges without regard to employment status. In the United States, where coverage for unemployment benefits varies from state to state, artists are generally entitled to social benefits without regard to employment status. Of the seven countries studied it is only in Australia, Canada and the United Kingdom that eligibility for social security privileges represents a serious problem for the artist.

## Capital

1.93 Like all industries the fine arts are based upon a complex network of invested capital. Invested capital includes facilities, repertoire, copyright and technology built up over the years.

### Facilities

1.94 Facilities in the arts industry include distribution, exhibition, offices, performing, production, storage and training facilities of more than 17,000 establishments (Research & Evaluation, 1983a, 2-6) such as libraries, art galleries, audio and video studios, museums, publishers and printing facilities, artist-run spaces, film and video co-operatives, movie houses, professional schools and theatres. At the amateur level, facilities include parks, recreation and sports centres which may have a built-in cultural capacity. It can be safely "guesstimated" that the capital value of artistic facilities in Canada is in the billions of dollars.

1.95 While no estimate of the capital value of fine arts facilities is currently available, there are quantitative indicators of the distribution of these facilities. In the performing arts there were some 488 facilities capable of receiving tours by professional performing arts companies in 1981 (see Table 17, page 40). These facilities had a combined seating capacity of 325,904. No estimate is currently available of the annual operating costs or employment of these facilities. Excluding performing venues abroad, this invested infrastructure represents the core of a "touring circuit" developed over the last decade and a half. The circuit is supported by, and supports, a number of Canadian artists' management companies, impresarios and local sponsors, who in smaller communities are often volunteers.

**Table 17**  
**PERFORMING ARTS FACILITIES BY PROVINCE**  
**1981**

Province	Seats	Facilities	Average Seat Size
Newfoundland	3,064	6	511
Prince Edward Island	2,008	2	1,004
Nova Scotia	25,872	38	681
New Brunswick	12,979	19	683
Quebec	95,862	153	627
Ontario	90,491	105	862
Manitoba	13,639	24	568
Saskatchewan	18,570	28	663
Alberta	35,038	62	565
British Columbia	<u>28,381</u>	<u>51</u>	<u>556</u>
<b>TOTAL</b>	<b>325,904</b>	<b>488</b>	<b>668</b>

Source: Touring Office Facilities Directory,  
Canada Council.

1.96 The fine arts operate within a hierarchy of regional, national and multinational markets. However, consumption and most production takes place within local communities, i.e., where the people live and work and where the cultural infrastructure is located. What can be called the "solitary arts" such as the literary and visual arts can be produced outside the city by the individual creative artist, but publication and exhibition of his or her work generally takes place in cities. The connection between the fine arts and the physical human community is expressed in the word "civilization", which represents a specific stage of culture.

The polis is the place of art... The magus, the poet who, like Orpheus and Arion is also a supreme sage, can make stones of music. One version of the myth has it that the walls of Thebes were built by songs, the poet's voice and harmonious learning summoning brute matter into stately civic forum. The implicit metaphors are far reaching: the "numbers" of music and of poetry are cognate with the proportionate use and division of matter and space; the poem and the built city are exemplars both of the outward, living shapes of reason. And only in the city can the poet, the dramatist, the architect find an audience sufficiently compact, sufficiently informed to yield him adequate echo. Etymology preserves this link between "public", in the sense of the literary or theatrical public and the "republic" meaning the assembly in the space and governance of the city (Steiner, 1976).

1.97 The city provides the necessary threshold and concentration of population required to support an integrated network of cultural facilities, a pool of artistic talent and a rich spectrum of audiences. These facilities, talent pools and audiences are spread across the country forming a hierarchy of regional and national centres of excellence which collectively constitute Canadian civilization (Litwick, 1970) (see Table 4, page 17).

1.98 Each urban area e.g., Regina, St. John's or Montreal serves as a regional centre of excellence to a hinterland of varying geographic size. Such centres serve the urban and hinterland population through companies which are strictly regional in appeal and other companies which reach a national, and sometimes, a multinational audience. The regional urban centre becomes the focus for distinctive styles of art produced in that region. In fact variations in the pattern of work are less between major metropolitan areas than variations in leisure activities and regional styles of art. The largest metropolitan areas, e.g., Toronto, Montreal and Vancouver, tend to become national centres of excellence providing minimum optimum scale of facilities and audiences for the fine and commercial literary, media, performing and visual arts.

1.99 The city and the hierarchy of cities is, therefore, the basic unit of the fine arts. The magnitude of activity is, up to some undetermined threshold, a function of city size. In this regard, Phil Sheridan, an 82-year-old Broadway veteran (CBS New, 1983) has commented that New York City became known to actors as "the Big Apple" during the Great Depression of the 1930's when a run on Broadway, with a regular salary, was said to be "taking a bite out of the Big Apple". Since that time the city has become the "Big Apple" to the whole world. The example of London and Paris as national and international centres of excellence also demonstrates the critical importance of the city in the arts.

1.100 Successful professional activity in a given city tends to be translated into national culture, i.e., the city is the testing ground from which national artistic goods and services emerge. In turn, national culture tends to set the standards of excellence against which regional culture is judged. Thus an intimate linkage exists between regional and national culture which, in turn, connects with multinational culture. The arts therefore transcend regional and political boundaries of cities, provinces and nations.

1.101 National and multinational cultures tend to be exclusively professional in nature. Generally, national culture is the concern of national, and to a lesser extent, multinational audiences and production companies. By definition, national culture tends to reflect the distinctive themes, motifs and concerns of a given nation. Multinational culture tends to reflect the themes and concerns of those who share a common language. Thus one can identify distinctive English, French, Chinese, German, Portuguese and Spanish multinational cultures. It is around language that multiculturalism, particularly among urban immigrant communities, has its source. Ethnic or linguistic communities can be both importers of the cultural products from a mother country and exporters of cultural products crafted in their new homeland.

1.102 As with most cultural definitions, however, these linguistic distinctions and boundaries are tendencies rather than absolute differences or barriers. A given national or multinational culture can, through widespread acceptance or translation, influence other national and multinational cultures. The immense international influence of the United States in the post-war years on non-English-speaking countries and cultures is a notable example of the ability of a nation to project its image and exercise a dominating and long-term influence on other national and multinational cultures (3). The success of British popular music such as that of the "Beatles" and British films such as "Chariots of Fire" also reflects the ability of one nation to exercise significant influence on other cultures.

#### Repertoire

1.103 It is the "creative" artist who is the wellspring of artistic growth and development (Bruce, et al, 1974). There have been many Hamlets but there has been only one Shakespeare. The composer, playwright, author and choreographer, particularly in the pre-media age, was able to transcend his or her age because the primary material - the written word or musical symbol - continued as a living record to future generations.

1.104 The contemporary creative artist is engaged in a permanent struggle with his predecessors. The work of long dead colleagues has the advantage of being known and having been shifted by ongoing comment and criticism. Historical works, therefore, have a greater chance of performance because of fame and acclaim. The same advantage is held by foreign works that have already received production abroad. Furthermore the costs and risks of producing new works is significantly greater than those associated with a proven work.

1.105 The accumulated scripts, scores and images of the past are all part of the repertoire of the contemporary arts. It is within the context of past achievement that the contemporary creative artist struggles. While some creative artists are immediately recognized by their contemporaries, e.g., T.S. Eliot, Wordsworth, Handel and Bach, others are not so fortunate. If the creative artist is truly experimental and creative then his or her work may never jump the hurdle of

existing taste patterns. The contemporary artist may, however, eventually contribute to a cultural transfer to subsequent generations despite current taste. The inability of Van Gogh to sell his work during his life highlights the potentially ephemeral nature of current taste. But to the living artist there is no assurance that the future will be kinder than the present, and as the aphorism goes "in the long run we are all dead".

1.106 There is accordingly an existing stock or repertoire of works bequeathed to the present by the past as well as a flow of new works created in the present, some of which will flow into the future having passed the test of time. There is no estimate currently available concerning either the stock or the flow of art works including novels and poetry, paintings and sculptures, plays, musical scores or choreographic works.

1.107 While there are no direct measures of the value of the existing fine arts repertoire, there are indirect measures of appreciation in value of the visual arts. It is possible, for example, to compare the appreciation in the market value of "collectible" works in the visual arts with the return on corporate stocks. The rate of return on works of art including modern paintings and prints, Old Masters, Impressionist paintings, books and manuscripts, glass and ceramics and other collectibles exceeded the rate of return on industrial share stocks seven times out of ten between 1960 and 1979 (Butler, 1979).

#### Copyright

1.108 In the time of Shakespeare, the Bard could not stop publication of his work by those who paid nothing for the product of his genius. Thus while art works are highly valued by society, they can be easily copied by others and often cannot be marketed in the conventional sense of the word. Ideas and images in art are by nature free as the air. To be marketed many works of art must be transformed through public mechanisms before value-in-exchange (Garnham, 1977) can be created, and thereby free-riders excluded. In modern society, creative effort is transformed and more or less protected from piracy through intellectual property legislation. In the natural sciences and engineering, legislation creates patents and registered industrial designs. In the arts, social sciences and humanities, legislation creates copyright and trade marks.

1.109 Intellectual property legislation is justified as a protection of and incentive to human creativity. In return for this protection, society expects creators will make their work available to society as a whole, and that a market will be created in which such work can be bought and sold. But while society wishes to encourage creativity, it does not wish to foster harmful market power. Accordingly, society builds in limitations to rights granted to the creator. Such limitations embrace both time and space. Rights are granted for a fixed period of time, and protect only the fixation of human creativity in material form.

1.110 Copyright and related neighbouring rights such as "moral rights", "rights of following sale" and "performance rights" are the unifying economic principles which tie together the component arts industries. Each is based upon the buying, selling and production of copyrighted works. Each is related to its fellows by the sale, licence or other exercise of copyright. An extreme example, more common in the United States than in Canada, will serve to illustrate the point. Consider a literary work (publishing) which becomes a play (performing arts) through the exercise, licence or sale of the author's right to adaptation. In turn, the play

becomes a film (motion pictures) which, in turn, is spun-off into posters (visual arts), toys (crafts) and a sound track (recordings). Both the film and sound track are broadcast on radio and television (broadcasting). Eventually a book (publishing) is made concerning the making of the movie (motion pictures) and a sequel of the movie is then produced.

1.111 Even museums and archives have a relationship to copyright in that most artifacts and documents, contained therein, are within the public domain, i.e., copyright has lapsed through time. The copyright cross-overs, in conjunction with the transferability of many skills and equipment between component arts industries, are so great that one can speak meaningfully of the arts industry as a distinct and recognizable industrial entity.

1.112 Extension and development of copyright and neighbouring rights is a dynamic process which accelerates with the development and introduction of new technologies which provide new ways to fix the product of human creativity in material form and which in turn create new ways to pirate such products. The process is also accelerated by the conceptualization and introduction of new forms of rights which can evolve inside and outside the constraints of international covenants and conventions, e.g., the Berne Convention and the Universal Copyright Convention). New, or re-emerging rights, currently being discussed or applied in various parts of the world include public lending rights (publishing), performance rights (motion pictures, performing arts and recordings) and droit de suite and droit moral (visual arts). It is within this dynamic process that the evolution of the arts industry takes place.

1.113 Protection of works of art outside international copyright conventions is a means of avoiding "national treatment" of foreign artists, i.e., treating foreign artists the same as domestic artists and thereby providing special protection to Canadian artists. California has passed several pieces of legislation designed to protect and encourage California artists (Kibbe, 1980). They have been declared "constitutional" even though they do not apply to artists in other states. Legislation includes: the Transient Occupancy Tax (1961) which supports artistic activity at the community level by taxing hotel rooms; the Fine Print Law (1971) which establishes rules and regulations for the sale of prints; the Artistic Resale Royalty Act whereby a California artist receives a 5% royalty on the resale of his or her work, provided the resale price is at least \$1,000; the Artist-Dealer Relations Law (1976) which defines the consignment relationship between artists and art dealers; amendments to the Health & Safety Code (1979) which authorizes local governments to adopt alternative standards for the conversion of commercial and industrial buildings into joint living and working quarters for artists; the Artist's Income Tax Deduction Law (1980) which allows artists a fair market deduction for art work donated to galleries, museums or charities; and the Art Preservation Act (1980) which protects an artist's claim to authorship and prevents damage to his or her art work after it has been sold.

#### New Technologies

1.114 The dynamic relationship between the arts and technology stretches back to the beginning of human society. In the Middle Ages the greatest engineering feat of the age, the Gothic cathedral, was built by artists and craftsmen who had no formal scientific, engineering or technological training. During the Renaissance many of the most outstanding artists, e.g., Da Vinci and Michelangelo, were at one and the same time outstanding scientists. The artist used existing technologies to create art, but also used art to create new technologies.

1.115 According to Harold Innis (Innis, 1950 & 1951) there is a relationship between culture and communications media. A culture is limited in space but extensive in time to the extent its dominant communications medium is durable, e.g., stone, clay or parchment. Alternatively, a culture is extensive in space but limited in time to the extent its dominant communications medium is non-durable, e.g., papyrus and paper. Using this hypothesis Innis tried to explain the rise and fall of empires through history.

1.116 Today a series of new communications technologies have emerged which are radically transforming the nature of the economic process. These new technologies combine and integrate two earlier communications media - telecommunications and the computer. Integration has resulted from two parallel and related developments (Fox, 1983).

1.117 First, telecommunications and computer systems have begun to speak the same digital or binary language. This development means that any and every form of information - words, numbers and pictures - can be encoded in the same language and transmitted over long distances with no loss of fidelity, then altered, manipulated and processed, and then translated back into words, numbers and/or pictures. The second development leading to the new information technology has been the development of the integrated circuit or the microchip. The microchip has permitted the distribution of information processing capacity to small scale, portable information systems.

1.118 The new communications or information technologies exhibit both Innisian characteristics. First, the new information hardware including direct broadcast satellites, fibre optics, magnetic recording technologies etc., are based upon silicon and iron oxide, i.e., stone, which will endure for more than a century. Second, the messages conveyed through the new technologies, e.g. broadcast signals, are as ephemeral as a ray of sunshine, but can cover the globe in an instant. This combination of Innisian characteristics suggests the emergence of a new culture unlike any in human history. Like previous communications revolutions, emergence of these new media of communications is accompanied by the breakdown of old ways of communicating, and by a heightened sense of societal "dis-ease".

1.119 The new information technology has profound implications for employment and productivity in economic production and profound cultural implications for consumption. In production observers have noted that the new information technology is a key or "heartland" technology, i.e.,

those which can give leverage over the whole (economic) system and raise its level of performance. Steam power and electric power were such key technologies in their time. Today electronic information technology represents this "heartland" technology ... (and is) now the critical technology for advanced industrial countries (Freeman, 1978).

1.120 The new information technology has generated what is called the information economy (Porat, 1977) including all working activity involving the collection, processing and application of information. It is estimated that in 1981, 50% of GNP was contributed by the information economy (Valaskakis, 1981). While most analysis has focused on the implications for economic production, there are equally profound implications for consumption, particularly of artistic goods and services - the largest single component of final consumption of information.

1.121 In consumption the new information technologies increasingly pervade every aspect of contemporary life. The Home Entertainment Centre (HEC) is emerging as the most important single mode of cultural consumption through the integration of television including cable, pay-TV and direct broadcast satellite with audio and visual recorders. It can or shortly will provide access to a range and diversity of programming unheard five or ten years ago. The spatial extension of programming from the national to the world level through direct broadcast satellites portends the emergence of a truly world culture. Cultural consumers, widely distant in space, will soon be able to consume the same mix of cultural programming, if they so desire and if their governments do not jam access.

1.122 The HEC also offers the potential to "time shift" programming to the convenience of the consumer, and thereby changes the traditional dominance of producers in timing cultural consumption. In fact the new information technology even affects the travelling behaviour of citizens through the "car stereo" and the "walkman" portable cassette recorder which shields an increasing number of citizens from the noise and congestion of what has become a "construction-site" society.

1.123 Within the fine arts, however, there is a reluctance to adopt new technologies which can be expressed as a "classical/revisionist controversy". The "classical" school places primary emphasis upon the "live" nature of the fine arts. It considers other media as entertainment, not art. To proponents of the classical school the distinction between "live" and "canned" is fundamental. They believe that the interactive relationship or gestalt between artist and audience is a characteristic feature of the fine arts which media extension simply cannot realize. While there is little question that the advent of mass media has had a cataclysmic effect on the performing arts (Baumol, Oates, 1976), classical school proponents believe that this impact results mainly from rising real wages due to competition with new media, and a decline in both the quantity and quality of "live" theatre.

1.124 While not "Luddite", the classical school is suspicious of the new technologies because they tend to dilute what is considered true art and detract from excellence. From a policy perspective, the classical school would prefer independent funding and development of the classic arts with limited consideration or interaction with the new technologies.

1.125 The opposing school of thought can be called "revisionist". Essentially the revisionists argue that the fine arts must adjust, adapt and evolve with the new technologies if they are to survive as living art forms. Gordon Tullock in his long-running debate with William Baumol argues

Both of us would agree that a new technology is in the process of replacing an old one. The new technology is not only cheaper, it has technical superiorities; but does not involve "live" performances. I would simply say that, although the advent of television and motion pictures has had a "cataclysmic" effect on live performances, it has massively expanded the amount of "theatre" consumed by the average citizen (Tullock, 1976).

1.126 From the revisionist perspective, new technologies which foster and promote media extension of the fine arts are a natural and desirable development. While overt disruption of the live performing arts should be avoided, the new technologies must be embraced if there is to be a future for the performing arts.

1.127 Increasingly, however, a synthesis is emerging which recognizes that the new technologies can be used to educate and stimulate the general public to consume the "live" arts. This media extension of the fine arts occurs in all art forms. In a sense media extension represents the new form of touring of the fine arts. Thus a single broadcast of an opera reaches more viewers than the live audience which has ever seen it on stage. This stimulus to consumption of the live arts has been evident for many years in classical music where increasing record sales have been matched by increased attendance at live concerts. Furthermore experimental film and video as well as integrated media art, i.e., attempts to apply and combine various new technologies in creative and artistic ways, have led to recognition that the new communication technologies can, like the printing press and the motion picture before them, contribute to the development of new art forms with a new "aesthetic" of their own (4).

1.128 The new communications technologies have four interactive implications with the fine arts. First, in the midst of the communications revolution resulting from the new technologies the fine arts serve to maintain the linkage with our collective cultural heritage and thereby provide some sense of continuity in a period of turbulent transformation. Second, the fine arts provide a cost effective testing ground for artistic products and services before they are commercially exploited through the new communications technologies. Thus the cost of staging a live play is an order of magnitude less than the costs associated with exploiting untried artistic products through the new communications technologies.

1.129 Third, the fine arts provide artists and the general public, with the opportunity for creative and emotionally satisfying applications of the new technologies which otherwise will be dominated by the linear, commercial rationality of business and government, i.e., the fine arts can put a human face on the new technologies. Finally, as in the Renaissance, the artist will use the new technologies to create new forms of art. In the process, however, the artist will, through these emerging art forms create and develop a new generation of technologies in serendipitous response to the artistic motive, not in causal response to the pursuit of productivity and profits.

1.130 In media extension of the fine arts and in production of the fine media arts a major constraint is the cost of the sophisticated new communications technologies. Improvements in microchip technology promise to significantly reduce the cost of access in the future. At present, however, there remains significant barriers to entry. Increasing pressure on public and private sector donors for the media extension of traditional fine arts and the production of innovative media arts can be expected.

2. SECONDARY IMPACT



## 2. SECONDARY IMPACT

2.01 Secondary economic impact of the fine arts concerns their indirect but quantifiable contribution to the national economy. This contribution involves the "income multiplier effect" of artistic spending; the contribution of the fine arts to the design and marketing of consumer goods and services; the contribution of the fine arts to industrial location; and the contribution of the fine arts to the balance of trade. For some secondary impacts, quantitative evidence is available. For others, however, none is currently available. When no quantitative evidence is available, the expert opinion of social scientists and business leaders is presented.

### Income Multiplier Effect

2.02 The total economic impact of any industry can be estimated using income multiplier analysis. The income multiplier is a statistical measure of the accumulated income generated by an initial expenditure. Thus an initial expenditure of \$1 becomes income to a seller who saves part of the \$1 and spends part. That part of the initial dollar spent in turn becomes income to someone else who in turn saves part and spends part which in turn becomes income to the next seller and so on and so on.

#### The Arts Industry

2.03 The arts industry had total revenues in 1980 of \$7 billion (Research & Evaluation, 1983a, 2-6). Using the Gross National Expenditure Multiplier of 2.1 it is estimated that the accumulated income multiplier effect of the Canadian arts industry was at least \$14.7 billion in 1980 or approximately 5% of Gross National Expenditure.

#### The Fine Arts

2.04 In 1980 some 187 reporting performing arts companies had total box office receipts of \$45 million current dollars (Research & Evaluation, 1983a). For every dollar spent on tickets, spectators spent an additional \$1.06 on ancillary expenditure (Research & Evaluation, 1982). Thus the 8,667,000 performing arts spectators in 1980 spent an estimated \$48 million on restaurants, baby sitters, taxis and other expenditures ancillary to attending performances. Total expenditures by performing companies were \$102 million. Total expenditure by both companies and their spectators amounted to \$150 million. Using the Gross National Expenditure multiplier of 2.1 it is estimated that the accumulated income multiplier effect of the 187 reporting performing arts companies was at least \$315 million in 1980.

2.05 It has been estimated that the fine arts as a whole generated at least \$250 million in direct economic activity in 1980. Assuming that revenue from sales of artistic goods and services was 50% of total activity and that fine arts consumers had an ancillary expenditure ratio equal to spectators of the performing arts, then an additional \$133 million in ancillary expenditure was made by consumers of the fine arts. Accordingly, total fine arts-related expenditure in 1980 is estimated at \$383 million dollars. Using the Gross National Expenditure Multiplier of 2.1 it is estimated that the income multiplier effect of the fine arts in 1980 was at least \$804 million.

### **Design & Marketing**

2.06 After industrial products work well, people want them to be attractive. As noted by John Kenneth Galbraith good product design depends not only on the availability of artists but also on the depth and quality of a nation's artistic tradition.

The basic point is a simple one, and it applies to the widest range of industrial products: after things work well people want them to look well. After utility comes design. And design depends not alone on the availability of artists; it invokes depth and quality of the whole artistic tradition. It is on this that industrial success comes to depend.

Proof is wonderfully evident once we learn to look for it. One of the miracles of modern industrial achievement has been Italy. Since the war Italy has gone from one public sector disaster to another with one of the highest rates of economic growth of any country in the western industrial world. No one has cited in explanation the superiority of Italian engineering or science. Or of industrial management. Or the precision of the Italian government policy and administration. Or the discipline and cooperativeness of the Italian unions and labour force.

The Italian case is only the most vivid. The industries of Paris, New York and London - textile and furniture design, building construction, dress manufacture, advertising, film-making and theatre - all survive in these otherwise economically inhospitable surroundings because of their juxtaposition to the arts. And there is ample indication that they survive better in consequence - are less vulnerable both to the competition of the new lands and the devastation of modern economic policy - than the solid industrial establishments of traditional economic achievement: the steel mills, automobile factories and coal mines. It has been little noticed that in the older industrial countries those industries and cities that best survive are those that co-exist with a strong artistic tradition (Galbraith, 1983).

### **Consumer Behaviour**

2.07 Tibor Scitovsky in an analysis of the North American market place has estimated that higher quality consumer products generally come from abroad, particularly from Europe.

Compare the nature and quality of American and European products, or better still, look at their comparison by the buying public. All U.S. imports of manufactured consumers' goods from Europe are items we also manufacture. Indeed, we manufacture the great bulk of such items at home. Imports are seldom more and usually much less than 20 per cent of our total consumption of a particular item; the imported variety is typically a more expensive variant (at least by the time it reaches the American consumer), bought by the rich and the choosy, presumably because it is better made, better designed, better in quality, in styling, or in attention to detail than its domestic counterpart.

The days are long past when such differences would have been explained as the typical difference between our low-cost mass production and the Europeans' expensive, labour-intensive, handmade, customer-oriented craft manufacture. Nowadays, (European consumer products) are just as mass-produced as our own, and often on the same equipment... Yet the higher quality product always comes from abroad. Where is the explanation? We look in vain for it as long as we look only on the production side.

The explanation must be sought, instead, in the greater choosiness of the European buying public. European producers, catering primarily to their own, more demanding, more quality-conscious markets, are forced to provide more variety, greater subtlety in styling, better quality, and a greater range of qualities than American producers are. The American producers, who face a more easy-going and less discriminating consuming public, can best maximize profits by cutting corners and enlarging the market through lower prices, and quite naturally, they do just that.

The American buyer of European imports benefits from the high standards which careful European shoppers' finicky demand imposes on their producers; he does not have to be a careful shopper himself. In other words, he can be what is known as a free rider, enjoying the benefits of other people's careful shopping without paying his share of the cost, in terms of time and effort, that careful and aggressive shopping involves. That explains why American producers find it unprofitable to cater to his demand by trying to out-compete high-quality imports, despite the often exorbitant price they fetch. American consumers seem willing to pay a high price, in terms of money, for the reputation of European imports; that is we pay cash to obtain high quality without having to pay for it in terms of careful shopping (Scitovsky, 1976, 178).

#### 2.08 Analysis of the fashion behaviour of American, English-Canadian, French-Canadian and Dutch women for the period 1975 to 1979 confirms significant cross-cultural differences in consumer behaviour.

Across cultures, a number of major differences in fashion involvement have been observed. U.S. consumers exhibit the lowest levels of fashion interest and fashion monitoring. They are less likely to shop at boutiques and specialty chains. They are most likely to look for low prices and convenience in their shopping behaviour. Dutch consumers, on the other hand, are upscale compared to not only U.S. consumers but also to English- and French-Canadian consumers. They are much more interested in quality and service compared to North Americans. Canadian consumers (however) exhibit an above average commitment to value and assortment in their search for preferred retail outlets (Tigert, King, 1979).

#### 2.09 When the design advantage of European producers (and increasingly that of Japanese producers of consumer electronics) is combined with the wage advantage of Third World or off-shore producers, then the Canadian producer is left with a

narrowing mid-range market for consumer goods. This combination of design and wage disadvantages may help to explain the apparent "de-industrialization" of North America and the fear that in North America "mediocrity may replace meritocracy". Thus while improved productivity through robotics and other new technologies may lower costs of production, it is only through improved design, e.g., in the Canadian fashion industry, that Canadian producers will break into the upscale consumer goods market and displace European producers in the domestic and world markets.

#### Advertising

2.10 In addition to the role of the fine arts in the design of consumer products they also play a critical role in the marketing of such products. Advertising involves the application of the literary, media, performing and visual arts to inform and attract consumers and thereby to increase sales of goods and services. In some industries, e.g., consumer non-durables, like soap, advertising accounts for more than 25% of total production costs. In 1977, the last year for which data are available, some 300 advertising agencies had total advertising billings and fees for market research and studies of more than \$1 billion and gross operating revenue of \$168 million (Statistics Canada, 1981).

#### Market Research

2.11 Beyond their role in advertising, former CBS President, Frank Stanton has observed that

the essential values of the public are most clearly evident, and in some instances only, in the arts - in music, the drama and the dance, in architecture and design and in the literature of the times. It is through knowledge of peoples' values that corporate marketers know what goods and services to provide and how to motivate consumers to buy their products (Sellner, 1982).

2.12 The increasing role and importance of the arts in marketing is implicit in recent trends in consumer research

In its brief history, the study of consumer behavior has evolved from an early emphasis on rational choice ... to a focus on apparently irrational buying needs ... to the use of logical flow models of bounded rationality. The latter approach has deepened into what is often called the "information processing model". The information processing model regards the consumer as a logical thinker who solves problems to make purchasing decisions.

Recently, however, researchers have begun to question the hegemony of the information processing perspective on the grounds that it may neglect important consumption phenomena. Ignored phenomena include various playful leisure activities, sensory pleasures, day dreams, esthetic enjoyment and emotional responses. Consumption has begun to be seen as involving a steady flow of fantasies, feelings and fun encompassed by what we call the "experiential view". This experiential perspective is phenomenological in spirit and regards consumption as a primarily subjective state of consciousness with a variety of symbolic meanings, hedonic responses, and esthetic criteria (Holbrook, Hirschman, 1982).

## Sponsorships

2.13 The fine arts also play an increasingly important role in the marketing strategies of major corporations. The "up-scale" nature of the fine arts audience, i.e., high levels of education and income, is an attractive market for many corporations. Corporations increasingly sponsor fine arts activities, not as charity but as a major marketing technique. To provide some feeling for the range of corporate sponsorships the following examples have been selected from the news bulletin of the Council for Business and the Arts in Canada.

**Table 18**  
**CORPORATE SPONSORSHIPS OF FINE ARTS ACTIVITIES**

ISSUE	COMPANY	SPONSORED OR COMMISSIONED EVENT
May 1983	Corby Distillery	International String Quartet Competition
	Goodyear Canada	Arts Etobicoke "Rally for the Arts"
	Interprovincial Steel & Pipe Corp.	Catherine Burgess's Steel Sculpture Film
	Maritime Telegraph & Telephone	Brian Porter Painting for Cover of Telephone Book
Feb. 1983	IBM Canada	Charlottetown Festival Production of "Singing & Dancing Tonight"
	Molson Companies	"Maurice Cullen: 1866-1934"
July 1982	Seaway Trust Co.	Gryphon Theatre Production "I DO, I DO"
May 1982	Bank of Montreal	Vancouver Children's Festival
	Pepsi	Charlottetown Festival Production of "Anne of Green Gables"
	Air Canada	Globe Theatre's Production of "Private Lives"
March 1982	Hudson Bay Co.	Royal Winnipeg Ballet at the Winnipeg Art Gallery
	American Express Canada	National Youth Orchestra, National Ballet & National Theatre Schools

## Narrowcasting

2.14 The emergence of the "narrowcast" market as opposed to the "mass market" is one of the most significant marketing developments of the 1970s and 1980s. The growth of numerically small but economically viable markets has resulted from an unprecedented average level of education, an unparalleled division and specialization of labour, an unrivalled degree of urbanization and a "third wave" of technological change.

The industrial revolution produced standardization throughout society the third wave (the emerging era of computers and instant communications) will reverse the process... There is a rising level of diversity, a "de-massification" of the marketplace with more sizes, models and styles, a de-massification of tastes, political views and values (Toffler, 1979).

2.15 The implications of these changes were driven home to producers by two recent recessions

with (their) stranglehold on consumer spending, and companies were forced into trying to understand what made the domestic market tick. They soon discovered that demographic and lifestyle changes had delivered a death blow to mass marketing and brand loyalty. A nation that once shared homogeneous buying tastes had splintered into many different consumer groups - each with special needs and interests (Business Week, 1983).

2.16 The arts are the historical leitmotif for this general market trend towards differentiation of consumer taste. Examples of highly differentiated taste in the fine arts are reflected in styles of painting such as impressionist vs. realist vs. abstract vs. conceptual vs. minimalist painting. Producers can and are learning from the experience of the fine arts in dealing with highly differentiated and educated consumer tastes.

## Industrial Location

2.17 Traditional industrial location theory suggests that companies locate plants in a particular community for reasons such as access to markets, raw materials and energy supply. During the 1960s, however, many companies, particularly, but not exclusively those in the service industries, began to locate headquarters according to the "amenities" available in a given community, e.g., good weather, easy access to cultural, educational and recreation facilities, etc.

## High Tech

2.18 The tendency to make industrial location decisions according to a community's amenities has been amplified by the shift from traditional "smokestack" manufacturing to high tech industries. A number of observers suggest that jobs now follow people in high technology industries rather than people following jobs. To attract and retain scarce, highly trained workers, companies and communities must offer an increasingly attractive quality of life including the fine arts.

An increasing number of businesses ... find that the cultural ambiance of a community influences whether executives and

workers - including marketers, of course, - want to work and live there. In recruiting, companies frequently emphasize two matters very much related to the arts: the cultural facilities of the community in which the companies are located, and the corporation's involvement in the arts (Sellner, 1982, 82).

2.19 Construction of cultural facilities in communities across Canada during the last decade partially reflects the perceived need to increase cultural amenities in order to compete for the industrial location of new companies.

Cultural facilities have also gained importance in economic development plans because many corporations, urban planners and developers are attaching added significance to the physical and social environment of the workplace itself (Shanahan, 1982, 8).

#### Urban Revitalization

2.20 The fine arts also play a significant role in urban renewal particularly in revitalizing the downtown core. There are at least two ways in which the arts serve to revitalize urban centres. First, artistic activity tends to draw large numbers of people from the suburbs as well as tourists who in turn support business development. An example is the Lincoln Center which was built in 1959 in a depressed neighbourhood in New York. Some fourteen years later the Center was surrounded by \$1 billion worth of new office buildings, apartment complexes and restaurants (Backerman, 1983).

2.21 The way in which the arts serve to revitalize stagnant downtown cores has been described by Harvey Perloff

The arts serve to enhance one of the built-in advantages of the city, that of urbanity. The arts serve to increase the element of excitement and variety which is the key to urbanity. Government and the private sector need to recognize the role of artists as dynamic city builders (Perloff, 1979).

#### Artists' Colonies

2.22 The arts also revitalize urban centres through "artists' colonies". Artists' colonies are concentrations of artists living in a given neighbourhood. In most cases the low income of artists forces them to live in the cheaper areas of a community. However, when they concentrate in such areas they tend to change the ambiance and image of the neighbourhood. This can serve to revitalize the downtown in two ways.

2.23 First, the colony becomes a tourist Mecca attracting both suburban residents and tourists. Second, by enhancing the image of the district an artists' colony can result in "gentrification" by attracting young middle class professionals to share in the artistic ambiance. Often the artists' colony is associated with improvements in housing and commercial building stock which also results in increased rents. Eventually the artist can no longer afford to live in the neighbourhood and moves on. Examples of gentrification include Yorkville in Toronto and the Soho area of New York City of which it has been said

The rezoning of the Soho (and now Noho and TriBeCa) district of Manhattan to permit artists to live and work in industrial zones backfired on the artists themselves. After moving into

former manufacturing buildings, and renovating and restoring them with their own money, artists succeeded in making the area a desirable place to live. Landlords then raised the rents and artists were forced to move out. While economic redevelopment of the area has certainly occurred, the artists' needs were met for only a limited period of time. After "fighting the zoning battle, making the area safe, and filling the streets with energy, and the buildings with boutiques... (artists) have been left to the forces of the market (Jeffri, 1982, 44)."

#### External Trade

2.24 A major factor in the Canadian balance of payments deficit is "invisibles" including tourism, royalties and other payments for patents, copyrights, registered industrial designs and trade-marks (Britton, Gilmour, 1978). With respect to the arts industry

Canada imports almost seven times as many books as it exports, four times as many TV programs and four times as many periodicals and newspapers. This trade deficit has been deteriorating over the last decade and is primarily incurred with the United States. We are a country which has been, and remains, awash in American cultural products (Fox, 1983, 14).

#### Import Substitution

2.25 The fine arts serve to improve the Canadian balance of payments in three ways. First, Canadian fine arts goods and services are substitutes for foreign cultural products. In 1980 of 821 new theatrical motion pictures distributed in Canada, only 44 or slightly more than 5% were made in Canada (Statistics Canada, 1982b). Every time a Canadian attended a Canadian play, concert or exhibition in 1980 he or she was not viewing foreign films or television. Increasing fine arts participation by Canadians is a trend with significant implications for mitigating the cultural balance of payments deficit.

#### Cultural Tourism

2.26 Second, the fine arts, through festivals and the international success of Canadian artists and artistic enterprises, attract increasingly numbers of foreign tourists with a resulting increase in invisible exports. In the case of the Stratford Festival some 56% of all visitors are from abroad. At the Shaw Festival 30% of all visitors are from abroad. Dollar for dollar, cultural tourists spend more on restaurants, hotels, taxis, and other ancillary expenses than they do for tickets (Research & Evaluation, 1982). Beyond festivals the cultural amenities of Canadian cities are playing an increasing role in attracting foreign tourists. Thus it is reported that 29% of all visitors to Toronto come to see the cultural attractions in what is fast becoming an artistic centre of excellence in North America (Stinson, 1983). While no cost/benefit estimate is available concerning public sector grants, a priori, it is likely that governments recover more in increased tax revenues resulting from spending by foreign cultural tourists than the cost in grants to fine arts festivals.

2.27 To the degree that Canadians travel abroad for cultural purposes, then investment in Canadian cultural facilities also serves as a substitute for foreign cultural attractions and thereby mitigates the Canadian tourism deficit.

2.28 Third, with the retirement of military force as a mechanism of international competition, at least among First World countries, the fine arts and culture in general have become a preferred instrument of geo-political competition (Chartrand, 1979). In the guise of multinational communications conglomerates, bilateral negotiations and public subsidies, nation states are engaged on the battleground of the new millennium - culture. Accordingly, in the First World, where once soldiers fought and died, now a nation's actors, dancers, designers, film makers, musicians, sculptors, writers and their business representatives practice their art and compete for rights, manufacturing privileges and international acclaim.

2.29 In this international competition the fine arts serve to define Canadian standards of excellence in world markets and to project the Canadian image abroad (Garnham, 1977). Projection of Canadian standards in the fine arts improves the image and competitive position of other Canadian goods and services, i.e., trade follows the arts - not the gunboat in a post-industrial society.

In the past three years the Montreal Symphony Orchestra, under its conductor Charles Dutoit, has won almost every award worth winning for its recordings, the Toronto Symphony toured Europe to rave reviews, John Gray's Billy Bishop Goes to War was a smash hit at the Edinburgh Festival, and Les Grands Ballet Canadiens triumphed in Latin America.

As a result, business is impressed with the arts. Businessmen on sales missions abroad are aware that our major cultural bodies have, in a sense, paved the way for them. Also, when foreign executives arrive in Toronto, Vancouver, Winnipeg or Montreal, they find facilities and entertainment the equal of those anywhere else in the world (Edinborough, 1983).

2.30 In a sense, the non-profit fine arts are a loss leader, i.e., a product sold at a loss to encourage the sale of other, more profitable goods and services. Domestically the arts attract international visitors who during their stay purchase accommodation, meals, souvenirs and other goods and services. To the extent these expenditures can be directly associated with the fine arts they can be considered "joint goods", i.e., in order to consume the arts it is necessary that these other goods and services be purchased.

2.31 In an enlightened community, manufacturers and producers who sell these associated goods and services would compensate the arts. This "cross-subsidization" (Peacock, 1968) would equal what other industries would be willing to pay rather than do without the extra business and profits generated by the fine arts. Similarly Canadian artists and arts organizations when they tour abroad often facilitate increased export sales due to the good "image" created. Accordingly exporters, in an enlightened community, would also pay in order to ensure that these additional export sales occur. In practical terms, however, it is virtually impossible for other producers to identify by how much sales have increased due to the activities of the fine arts.

2.32 Accordingly the public sector is called upon to cross-subsidize the fine arts in their role as trade ambassador. No cost/benefit estimate is currently available concerning public sector grants to festivals and the touring of Canadian fine arts

abroad. It is likely that Canadian governments recuperate more through taxes resulting from increased foreign sales than they pay out in grants to the fine arts.

#### Transborder Data Flows

2.33 The role of the fine arts as trade ambassador is taking on a new dimension with the rapid spread of the new communications technologies and emerging issue of transborder data flows (TBDF) created by new technologies such as direct broadcast satellites (Sears, et al, 1983). As a noted Canadian artist has said

TBDF is not a new concept. Every time a book or a newspaper or a telegram is sent from Canada to the U.S., or vice versa, that's Canadian-American TBDF. Phone calls, radio and television programming, exchange of video and audio cassettes, high speed digital communications - all terrestrial or satellite communications between nations make up the data exchange described as TBDF. As you might imagine, being that Canada is a relatively small country with a very sophisticated communications system, we import far more data than we export (Sherman, 1982).

2.34 Media extension of the traditional fine arts as well as the experimental fine media arts such as computer art (Richards, 1982) will play an increasing role in TBDF. The new videotext technologies, for example, could make traditional exports of Canadian books and periodicals obsolete and open the Canadian market to an electronic flood of foreign works (Crean, 1982), and vice versa. To compete with other nation's for "name" recognition in world markets then TBDF through media extension of the fine arts as well as the experimental fine media arts will need to be cross-subsidized by the public and private sectors of the Canadian economy at levels of support at least equal and competitive with that received by foreign competitors.

3. TERTIARY IMPACT



### **3. TERTIARY IMPACT**

3.01 Tertiary economic impact of the fine arts concerns their direct but non-quantifiable contribution to the national economy. Tertiary impact involves the contribution of the arts to industrial invention, innovation and diffusion, productivity and their contribution towards a diversified industrial structure and volunteerism.

#### **Invention, Innovation & Diffusion**

3.02 The fine arts affect industrial invention, innovation and diffusion of new technologies by reinforcing the creative process and by encouraging an innovative institutional climate. It has been recognized by many observers that the psychology of the creative process is an area of clear commonality between the arts and sciences (Meyer, 1974). In both cases creativity occurs when an individual steps beyond traditional ways of knowing and doing and making.

We have come to recognize the processes which bring about creative advances in science, the new paradigms as processes of human design, comparable to artistic creation rather than logical induction or deduction which work so well within a valid paradigm... the norms of artistic design (are) "inherent in the specific psychic process, by which a work of art is represented" and thus in the creative act, not in the created object - in the process not the structure (Jantsch, 1975, 81).

#### **Creativity**

3.03 The origins of creativity in the sciences and the fine arts have an empirical basis in neurophysiology. Recent research in brain physiology suggests that the creative process is rooted in the lateralization of brain function.

Whereas the left hemisphere is primarily responsible for traditional cognitive activities relying on verbal information, symbolic representation, sequential analysis, and on the ability to be conscious and report what is going on, the right brain - without the individual being able to report verbally about it - is more concerned with pictorial, geometric, timeless and nonverbal information (Hansen, 1981, 23).

3.04 Such research suggests that it is in the right-lobe that those flashes of insight and intuition that lead to what is commonly known as invention take place. The fine arts, the most developed right-lobe sector of the economy, serve to balance what to many observers is the over-development of left-lobe functions within western society.

I welcome the recent findings of brain science to support the common experience that we have two "styles of cognition" the one sensitive to causal, the other to contextual significance. I have no doubt that the cultural phase - which is now closing - restricted our concept of human reason by identifying it with the rational, and ignoring the intuitive function, and thus failing to develop an epistemology which we badly need, and which is within our reach - if we can overcome our cultural inhibitions (Vickers, 1977).

3.05 The arts also play a crucial role in the emergence of what Marshall McLuhan called the "electronic man"

In terms of our education, the entire establishment has been built on the assumptions of the left hemisphere and of visual space. This establishment does little to help in the transition to the electronic phase of simultaneous or acoustic man. Our educational procedures are still oriented towards preparing people to cope with specific industrial products and distribution of same. Electronic man, on the other hand, is in need of training in ESP and empathy and intuition. Logic is replaced by analogy, and communications are being superseded by pattern recognition (McLuhan, 1978).

3.06 The potential of the right-lobe/left-lobe hypothesis for the fine arts was recently demonstrated on Mavor Moore's CBC television program Performance (Moore, 1983). Drawing upon the work of Betty Edwards (Edwards, 1979) an art instructor at a New Brunswick high school has introduced a unique teaching technique for drawing. Grade 10 and 11 students are taught to draw up-side down, i.e., placing the bottom of the object being drawn at the top of the picture and the top at the bottom. The rationale is that the left-lobe is switched-off by this procedure and the holistic right-lobe takes over. Dramatic improvement in drawing skills has been demonstrated in as little as three months.

Avant-Garde

3.07 No matter the basis of human creativity, to some observers the fine arts are in fact the most progressive and dynamic segment of contemporary western society.

today culture has clearly become supreme; what is played out in the imagination of the artist foreshadows, however dimly, the social reality of tomorrow.

Culture has become supreme for two complementary reasons. First, culture has become the most dynamic component of our civilization, outreaching the dynamism of technology itself. There is now in art - as there has increasingly been for the past 100 years - a dominant impulse toward the new and original, a self-conscious search for the future forms and sensations, so that the idea of change and novelty overshadows the dimensions of actual change. And, second, there has come about, in the last 50 years or so, a legitimization of this cultural impulse. Society now accepts this role for the imagination, rather than seeing culture, as in the past, as setting a norm and affirming a moral-philosophic tradition against which the new could be measured and (more often than not) censured. Indeed, society has done more than passively accept innovation, it has provided a market which eagerly gobble up the new, because it believes it to be superior in value to all older forms. Thus our culture has an unprecedented mission: it is an official, ceaseless search for a new sensibility.

Now the very idea of an avant-garde - an advance assault team - indicates that modern art or culture would never permit itself to serve as a "reflection" of an underlying social structure but, rather, would open the way to something radically new.

The commonplace observation that today there is no longer a significant avant-garde - that there is no longer a radical tension between the new art which shocks and a society that is shocked - merely signifies that the avant-garde has won its victory. A society given over entirely to innovation, in the joyful acceptance of change, has in fact institutionized the avant-garde and charged it, perhaps to its own eventual dismay, with constantly turning up something new. In effect "culture" has been given a blank check, and its primacy in generating social change has been firmly acknowledged (Bell, 1976, 33-35).

3.08 The fine arts foster and promote a psychological and social climate in which industrial invention, innovation and diffusion of new technologies can more readily occur. The arts sensitize entrepreneurs, managers and employees to the context of change and enhance their ability to respond to change in a positive and constructive manner. The need to increase the innovative capacity of the Canadian economy is critical to future economic growth and development (Economic Council, 1983) (5). The fine arts serve to further this objective.

### Productivity

3.09 The arts affect economic productivity in two ways. The first effect occurs through increasing the motivation of workers and managers. The second occurs through the trade-off between productivity and employment. Economic productivity is generally defined as output per worker. There are two factors which contribute to increased productivity. The first is the quality and quantity of capital equipment. The second is the skill and motivation of the worker.

#### X-Efficiency

3.10 According to Harvey Leibenstein the cost to the United States economy of insufficient management and worker motivation, what he calls "X-Efficiency", is "between 20 to 40 per cent of net national product" (Leibenstein, 1981). The arts affect the motivation of workers and their resulting productivity, particularly during hard times. The creation of the modern arts council in many English-speaking countries emerged from the wartime activities of the British Committee for Education in Music and the Arts (Glasgow, 1975) which served to maintain morale during the blitz.

3.11 The Government of Canada also recognized the role of the arts in increasing worker morale when in 1973 it supported creation of the Canada Council Art Bank (Kirby, 1983) which rents works of contemporary Canadian visual art to government departments and non-profit institutions across the country. The Art Bank has become a model for both Australia and the United States (Barron, 1983).

3.12 That the arts serve to motivate both managers and workers is evidenced by the following comments by corporate leaders.

W.A. Hewitt, President, John Deere & Co.

employees are more likely to achieve excellence in an environment of excellence. A good working environment also is more likely to attract the broad-gauge minds we need to guide the company in these complex times. There is no doubt that art lends warmth to the environment and is evidence that the company is involved in the welfare of its employees (Sellner, 1982, 16).

A Philip Morris spokesperson:

our corporate arts support program ... has kept the employee morale exceptionally high and the turnover rate lower than most major corporations. These results have been documented by an employee survey undertaken within the last year (Sellner, 1982, 17).

#### Employment/Productivity Trade-Off

3.13 It is increasingly recognized that at a given level of economic output there exists a trade-off between increased productivity and the level of employment. Both federal and provincial governments foster and promote the high tech sector due to its rapid growth, its export potential, its high productivity as well as employment of highly skilled workers. However, capital costs per job in high tech industries are extremely high and the absolute number of jobs created is relatively small.

3.14 As the high tech sector transfers its results to other industries, the economy at a given level of aggregate output experiences a trade-off between increased productivity and employment. This trade-off is accentuated by "off-shore" production which reduces the actual level of domestic output. These developments have potentially profound implications for employment.

In the future, one group of people will push buttons, monitor lights, and make simple repairs; another group will design the "black boxes" which make the system function; in between will be an increasingly lessened demand for the semi-skilled worker. The problem posed by the real or perceived barrier to upward mobility - leading perhaps to new class divisions, conflict and tensions in the information society of the future - is of particular concern (Cordell, 1982).

3.15 If this outcome is to be avoided then the public sector will have to adopt complementary policies to match increased productivity with increased levels of meaningful employment.

The new technologies will change the nature of work, the place of work, and the importance of work to society. A major problem is in the notion of work itself which, over time, has changed from a needed activity that transformed resources into usable goods into a mechanism that distributes income in our society. Self-esteem, identity and self-worth have become meshed with the individual's employment. If some forecasts prove correct, we will need far less labour in our society. What is to be done with those presently in fields of activity that will be declared redundant? People who cannot be retrained will no longer be able to depend on jobs for necessary income. As a society we must find new and creative ways for distributing income. How will our tendency to define people in terms of their work, what they "do", affect those who no longer "do" anything (Cordell, 1982)?

3.16 The fine arts are employment efficient and are able to absorb some workers displaced from traditional industries as well as some young people entering the labour force for the first time. Furthermore, the fine arts provide meaningful employment even with low average incomes. The fine arts also provide a high grade leisure activity which defines people by what they "appreciate". Thus the fine arts facilitate increased productivity, increased employment and can contribute to an "appreciative economy" in which work is not the only measure of individual self-worth.

## Industrial Structure

3.17 A diversified industrial structure is a generally accepted objective of competition policy. The arts play a role in maintaining a diversified industrial structure in two ways, by acting as a focus for small-scale entrepreneurial business and by supporting both for-profit and not-for-profit enterprise.

### Entrepreneurial Business Enterprise

3.18 First, modern industrial economies are increasingly characterized by large-scale organizations.

An important weakness of the modern industrial economy ... is traceable to the unsolved problem of great organization of the immobility and frequent inefficiency of the modern great private and public bureaucracy and its tendency to measure intelligence by whatever is being done, and excellence by what most resembles what is already there (Galbraith, 1983).

3.19 The artist, by nature, is a risk-taking entrepreneur who does not readily submit to organizational goals.

In consequence, ... the artist functions as an independent entrepreneur ... or ... as a member of a very small firm which he can dominate or in which he can preserve the identity of his work. A few industries - the motion picture firms, television networks, the large advertising agencies - must, by their nature, associate artists with rather complex organization. All have a well-reported record of dissonance and conflict between the artists and the rest of the organization... Frequently the problem is solved by removing actors, actresses, scriptwriters, directors, composers, copywriters and creators of advertising commercials from the technosphere ... and reconstituting them in small independent companies. The large firm then confines itself to providing the appropriate facilities for producing and - more importantly - marketing, exhibiting or airing the product. Similarly painters, sculptors, concert pianists and novelists function, in effect, as one-man firms or, as in the case of rock, dance and folk music groups, as small partnerships and turn to larger organizations to market themselves or their products (Galbraith, 1973, 60).

3.20 The record music business is a case in point.

The deliberate creation of a group with a sound and performing style dictated by market research data (such as the Monkees, a television-based American derivative of the Beatles back in the 1960s) has never been more than partly successful. Rock music can be messy to manage.

Holding the artist's hand is often best done by a small company: performers generally want access to the top man. For this reason, the conglomerates tend to devolve record production to subsidiary "labels" or to small independents for which they supply marketing, distribution and often finance (Economist, 1980).

3.21 In high tech and other industries increasing recognition is being given to the need for small entrepreneurial business enterprise to cope with an economic environment characterized by rapid technological change. The arts industry was one of the first to adopt such an industrial structure and could serve as a case study for the design and operation of small entrepreneurial business enterprise and adaptation to technological change.

#### Binary Market Motivation

3.22 Second, artistic organizations fall into two distinct economic types - in the commercial arts the market motivation is profit, in the fine arts the market motivation is "art for art's sake". This binary market motivation results in a remarkably flexible and resilient industrial structure.

Patronage, for example, frees the recipient from the pressure of the box office. This means freedom to soar beyond the immediate limits of popular taste. In an institution, the higher the percentage of patronage income as against income earned at the ticket window, the freer it is to present programs that are esoteric, experimental, perhaps offensive to the public. This freedom is essential to the continuing development of art. In short, patronage makes it possible for the artist or the institution to lead, rather than merely reflect, public taste.

The marketplace, in turn, also has artistic consequences. Its chief fault is that it compels the artist to court a wide public. This may not be good for him, as an individual, or for his art. The market mechanism is limited, by and large, to the production and distribution of the safe and sane...

But the commercial system has a balancing advantage. For the freedom made possible by patronage sometimes leads to an artistic cul-de-sac. Subjectivism carried to the point of incomprehensibility, triviality masked by rhetoric, obscurity for obscurity's sake, preciousness - these are some of the dangers of an art divorced from the public. And whatever its other faults, the market system does not permit such a divorce to occur.

We need an art that ranges richly from the easily accessible to the difficult, from the seemingly simple to the clearly complex. The market system is well equipped to provide the accessible. It keeps the artist in close touch with the public. It serves as an anchor, discouraging him from flying off into rarified regions of solipsism.

What all this strongly points up is that diversity in the economic arrangements for the support of culture tends to encourage diversity in the cultural product itself. This is not to say that diverse economic arrangements themselves create diversity in art. They are only one of many factors that influence the kind of cultural goods and services a society produces. But the existence of alternate, perhaps even competing systems fosters cultural pluralism and openness in a society (Toffler, 1968, 268-269).

### **Volunteerism**

3.23 The importance of the voluntary or not-for-profit sector has tended to be underestimated by economists. Partially this has resulted from the tendency to assign production of collective goods to government which has the power to compel payment and thereby overcome the free-rider problem and correct private market allocative inefficiency.

One problem with this perspective on collective goods is that it views the economy as having only two sectors. All goods, collective and private, are seen implicitly as being provided either in a private for-profit sector or in a public sector. From this perspective it follows that if the private for-profit market fails to allocate resources efficiently to collective goods, then there is only one potential collective agent, government.

Such a view is seriously incomplete. First, the ability of governmental institutions to correct private market failures is limited. Lack of information about consumer demands confronts governmental as well as private decisionmakers. Moreover, incentives facing government decisionmakers rarely coincide with what is required to correct the private markets failures...

A second inadequacy of the prevailing economic theoretic reliance on government is the lack of recognition of a third sector, the nongovernmental, not-for-profit sector - which we term "voluntary nonprofit"... There are, in short, more possibilities for collective-goods provision than in the for-profit or the governmental sectors. In addition, when it is recognized that a collective good is collective for only some people - in the sense that the good enters positively the utility function of only those persons - the potential for organizing collective-good activity outside of government, in voluntary nonprofit organizations, appears more likely (Weisbrod, 1977, 1-2).

3.24 While there is no agreed definition of the voluntary sector it includes both registered charities and service, sports and recreation clubs. Statistical information is available only for registered charities (Ross, 1983). In 1980 there were 39,965 registered charities excluding hospitals and teaching institutions. Total revenue from all sources amounted to \$5.84 billion of which 44% was donations, 23% was grants from all levels of government and 22% came from the sale of goods and services. It is estimated that there was an equivalent of 142,000 full-time positions and some 33,000 part-time workers. There was, therefore, an average of 4.3 paid employees per charitable organization.

3.25 Some 2.7 million Canadians donated an average of 2.9 hours per week to organized volunteer work which represented approximately 15% of the Canadian working age population. Wages and salaries represented one-third of total expenditure. Another third of expenditure was disbursed as direct aid to individuals and groups. The remaining third of expenditure was spent on administration, conferences and meetings, communications expenses and the costs of goods and services for sale. It is estimated that the economic contribution of volunteers amounted to \$2 billion or 1.3% of all wages and salaries paid to

Canadian workers. The accumulated economic contribution of the voluntary sector has been estimated at \$4.5 billion or 1.7% of Gross National Product. It should also be noted that by the end of the decade, privately operated, not-for-profit lotteries were almost two-and-a-half times as important a funding source for the voluntary sector than corporate donations, and such lottery revenue represented more than one quarter of total federal support to the non-profit sector (Chartrand, Ruston, 1982).

3.26 The voluntary sector provides a way to foster social innovation, permit citizens to decide for themselves what needs to be done without waiting for government action and tends to act as a social conscience for government and a laboratory for the young to learn about society. Furthermore the voluntary sector is more cost efficient than government because of voluntary or free resources used (Labelle, 1981).

#### The Amateur Arts

3.27 As noted in the introduction the single most significant gap in evidence available to assess the economic impact of the arts concerns the amateur arts which form a significant part of the voluntary sector. Community or "little theatres", dance and visual arts organizations exist across Canada and engage the voluntary efforts of thousands of Canadians. In addition in many communities dedicated facilities exist for the practice of amateur art. No estimates of the investment in amateur art facilities is currently available. In addition to traditional amateur art, various forms of multicultural or ethnic art operate within the voluntary not-for-profit sector. There is no current estimate of the level of activity of such ethnic art.

#### The Fine Arts

3.28 Fine arts organizations tend to operate as non-profit corporations and are usually registered charities. Arts organizations generally materialize when a group of artists or community leaders decide that their community should not be without a theatre company, ballet, orchestra or art gallery (Smith, 1982). The arts organization becomes a focus for community development and pride. One indication of community support for the non-profit fine arts is corporate cultural donations which increased from \$3.2 million in 1972 to \$12 million in 1981 or 16% of total corporate donations to all charitable activities (Research & Evaluation, 1983a, 18).

3.29 There are four types of voluntary effort implicit in fine arts organizations. First, boards of directors of fine arts organizations are volunteers. Second, many arts organizations have women's and other auxiliaries of volunteers who assist in fund-raising and other activities. In fact many of the major fine arts organizations in Canada were founded by women such as Celia Franca, founder of the National Ballet of Canada; Gladys Watt, founder of the Dominion Drama Festival; and, Ludmilla Chiriaeff, founder of Les Grands Ballets canadiens. The role of women in the fine arts is unique in the economy. Third, in many communities local sponsors for arts activities are volunteers. Finally, to the degree that artists receive depressed levels of wages and salaries they are the largest single group of donors supporting production in the fine arts.

#### Social Mobilization

3.30 The fine arts organization with a volunteer board of directors, a professional artistic director, an administrative director, artists, technical support personnel and volunteer auxiliaries is a unique experiment in social mobilization which can benefit not just the arts but the future economy.

In the post-industrial society of the future, Boards of Directors of various organizations (including those with business orientation) will probably have the same characteristics. As economic achievement and affluence lessen in importance and the purpose of man's existence gains, the various organizations will become voluntary in character and be motivated more by a commitment to a cause than by the economic results. They will resemble the artistic organization which has to nourish the loyalty of its membership not with financial remuneration but with allegiance to the activities taking place...

The above characteristics of artistic organizations represent, in my opinion, the long term trends for business corporations. However, even in the short-run, business Boards may well critically appraise their orientation in light of those of the arts organization. Their responsibility should be more comprehensive than mere responsibility to the stockholders and their investment interests. The benefits of cross-fertilization between the arts and business may lie in the affiliation of business and the arts by sharing Board members. The corporate executive sitting on the Board of Directors of an opera who is aware of his commitment to the community, may give a thought to the community responsibility he is exercising in his merchandising or marketing practices or production mechanisms employed. At present, business can guide the arts on how to manage more effectively and more efficiently by putting businessmen on Boards of artistic organizations. Similarly, it is not inconceivable that an artist be put on the Board of a business corporation to give the business world additional insight into the needs of the community (Adizes, 1972, 116).



#### 4. QUATERNARY IMPACT



#### **4. QUATERNARY IMPACT**

**4.01** Quaternary economic impact of the fine arts concerns their indirect and non-quantifiable contribution to the national economy. This impact involves the fine arts contribution to the quality of life, cultural identity, pluralism and the role of the fine arts in the realization of a wide range of alternative economic futures.

##### **Quality of Life**

**4.02** That the arts play a critical role in the quality of life has been recognized by most observers. A high quality of life is both an end towards which all economic activity is ultimately directed as well as a major force in promoting a highly motivated and conscientious work force with all its attendant implications for economic growth and productivity.

James Shanahan, Economist:

the arts and their appreciation have an aesthetic potential which permeates all human experience, that is, for some people the arts can provide the aesthetic thread from which the quality of life's fabric is woven. This provides the context for the claim that the arts can be directly related to emotional well-being and mental health (Shanahan, 1980, 7).

Susan Hollis, Preservation Planner:

a community with a strong cultural base is also strong in other respects - its economic base, its educational system, its social stability. In sum, where the arts and humanities flourish, the quality of life tends to be superior (Hollis, 1982, 43).

Leslie Garner, Professor of Business Administration:

the arts ... allow individuals to provide shape and direction to their lives.... those who perform, paint or create (are) better equipped to face the enormous psychological pressures of a technological age and cope with the forces of accelerating change... Individuals who attend performances, who "absorbed the insights" of skilled artists, ... acquire a new understanding of themselves, of their fellow human beings and of their sensory responses to a thousand experiences that fill a sixteen-hour day (Garner, 1982, 55).

Alvin Toffler, Futurist:

people do learn from the arts. From the verbal arts they learn not only facts but also that niches other than their own exist in the great ecology of society. I would go so far as to argue that even the non-verbal arts "teach", in that the artist, by presenting colors, sounds, or movements outside the range of ordinary everyday experience, calls attention to them, thus widening the individual's conception of the alternatives available to him... I believe (that the arts are) good at suggesting alternatives, something our educational system, in its accent on specialism, does not do well (Toffler, 1968, 273).

Lane Kirkland, President, AFL-CIO

From the beginning, workers and their unions have aspired to a better life, as well as a better living. Those who believe that what labor wants is simply "more" need to be reminded that what Samuel Gompers actually said was "more schoolhouses and less jails; more books and less arsenals; more learning and less vice; more work and less greed; more justice and less revenge; in fact, more opportunities to cultivate our better natures"

Phillip Murray, president of the CIO, said that working families wanted "carpets on the floor, pictures on the wall, music in the home." And it was George Meany who said "What we want is simply to create the healthiest, best educated, most creative and most productive society that it is possible for human beings to achieve."

It was Gompers, again, who pointed out in 1896 that labor's economic gains would lead to increased leisure for workers, and that "leisure cultivates taste for art, music, concerts, opera, the theatre" and that "the luxuries of the past will become the necessities of today." That, Gompers held, and we still hold, was a worthy goal (Kirkland, 1982, 27).

### Cultural Identity

4.03 The fine arts, by uniting people in celebration of their common heritage, forge lasting ties among people who ordinarily would be divided by race, age, religion, language, profession or income barriers. To the degree that the fine arts contribute to such ties then to that degree the fine arts contribute to the development of a more cooperative economy. This use of the fine arts to foster collective pride and identity is very old indeed.

Rulers have made use of this natural taste for music; they elevated and regulated it. Music was looked upon as something serious and holy, designed to purify the feeling of men. It fell to music to glorify the virtues of heroes and thus construct a bridge to the world of the unseen. In temples men drew near to God with music and pantomimes (out of this later the theatre developed). Religious feeling for the Creator of the world was united with the most sacred of human feelings, that of reverence for the ancestors. The ancestors were invited to these divine services as guest of the Ruler of Heaven and as representatives of humanity in the higher regions. This uniting of the human past with the Divinity in solemn moments of religious inspiration established the bond between God and man... (Wilhelm, 1967).

4.04 The relationship between the arts and the development of the modern nation state was expressed during the 19th and early 20th centuries in what is known as the "Nationalist Movement" in music. In the music of Chopin (Poland), Liszt (Hungary), Sibelius (Finland), Dvorak and Smetana (Czechoslovakia), and Grieg (Norway) composers explored the mythical and folk heritage of their peoples, peoples subject to external occupation, pluralistic empires or divided into small, competing principalities. Their music served to focus the national and cultural aspirations of many contemporary European nations.

4.05 Vincent Bladen summed up the implications of the fine arts for the illusive Canadian identity when he said

A nation needs heroes and is united by its admiration for them: at present its heroes with international acclaim are either athletes or expatriate Canadian artists. It will be good for Canada when more of the performers in Canada belonging to Canadian companies are Canadian heroes by virtue of their international reputation (Bladen, 1971).

4.06 Cultural identity has, according to a 1979 Report to the Club of Rome, become

a global issue with a double risk. On the one hand there is the threat of cultural homogenization, i.e., that the world might acquire a single uniform culture; on the other hand, there is a more imminent danger of cultural and psychological disintegration for both individuals and societies...

Cultural identity at both national and international levels remains one of the most basic, non-material psychological needs which may well become an increasing source of conflict among and within societies...

The immense issues that cultural identity raises are all the more complex because, unlike some material global problems, cultural issues are not resolvable by a process of redistribution... Cultural identity is a perception, a sense of meaning, an integrated context, a set of human relations and values (Botkin, Elmandjra, Malitza, 1979).

### **Cultural Pluralism**

4.07 There is an intimate relationship between cultural pluralism and the contemporary competitive economy, particularly in Canada with its racial, ethnic, religious, linguistic and regional diversity of peoples. The fine arts contribute to three dimensions of cultural pluralism including psychological diversity among individuals, diversity of life-styles and tolerance of alternative life-styles. To the degree that the fine arts contribute to cultural pluralism then to that degree they contribute to a competitive economy with a prerequisite level of tolerance required for people of different backgrounds to work productively together.

4.08 First, the fine arts tend to generate new subcultures and help emerging life styles to take shape. The fine arts are enlisted to attract converts, formulate values and integrate new members.

The arts do not essentially consist of set skills.... All artists, creative and interpretative, are, however, involved in a process whereby they have to convince others .... of the excitement and value of their work. This may involve ideas unique to the individual artist, which he or she is trying to persuade others to share. One man's high art is another's dead philistinism or dreary classicism. Through this process of persuasion, the arts flourish, often with profound political and social consequences (Liberal Party, 1982).

4.09 The increasing importance of the fine arts in defining new life styles is accompanying the market shift towards narrowcasting and is part of a more general societal trend towards cultural pluralism.

the high scale societies of the Western world are becoming increasingly heterogeneous, comprising thousands of minority groups, each joined around common interest, common value systems and shared stylistic preferences that differ from those of other groups. As the sheer value of information and knowledge increases, as technological developments further expand the range of options, and as awareness of the liberty to deviate spreads, more variations are possible. Rising affluence or even more, growing desire for at least subcultural identity, induces groups to exploit these options and to invent new ones. We might almost say irregular cultural permutations are becoming the rule (Horst, Ritter, Webber, 1973, 167).

4.10 Second, the fine arts provide a way by which individuals can differentiate themselves from their neighbours. While many people may have the same model of automobile or other standard consumer goods, no two people have identical record collections, paintings or personal libraries. Citizens may use other means to differentiate themselves, one from the other, but the fine arts make possible extremely subtle and refined variations.

4.11 Third, the fine arts expose individuals to ways of life other than their own and assist them to adapt to change and increase tolerance of alternative life styles.

It is easy to see this in the case of, say, the faithful young wife who tries on the role of town hussy in a performance by a church theatre group. It is less obvious in other forms of art, but the principle is the same. In the process of constructing a play, writing a poem, or painting a picture, the individual explores possibilities outside the range of ordinary daily experience. This exploratory process is, I believe, highly useful to the individual when the time comes to choose a new behavior pattern (Toffler, 1968, 273).

### Alternative Economic Futures

4.12 There are a number of scenarios concerning alternative economic futures for the contemporary western economy. Each is, in its own way, symptomatic of what is generally perceived as a great economic transformation. For purposes of this monograph six scenarios will be assessed with respect to the impact of the fine arts in furthering or hindering their realization. In effect there are two distinct sets of scenarios. The first set are critiques of the contemporary economy including "the limits to growth" and "no limits to learning" scenarios presented in two separate reports to the Club of Rome and the conserver society scenario developed by the GAMMA Group of McGill University and the University of Montreal.

4.13 The second set concerns the evolutionary progression of the contemporary economy to a higher state, alternatively called the "information economy", the "post-industrial society" or the "quaternary" sector of the contemporary economy. This last scenario has been developed by the author. It concerns the emergence

and evolution of a distinct sector of the economy explicitly involved in the production of abstract goods and services. Abstract goods and services are consumed in two forms. First they can be intermediate inputs to the primary, secondary and tertiary sectors. Second, they are also final consumer goods and service to the general public. As will be demonstrated, however, the implications of the fine arts for realization of all six scenarios are very similar.

4.14 The first set of scenarios are essentially critiques of the mass-consumption economy. The first scenario was developed in the 1971 report to the Club of Rome entitled the "Limits to Growth" (Meadows, 1972). Essentially, the author argued that in the face of increasing demand for raw materials such as oil, iron and food combined with externalities in production such as air and water pollution, the world economy would run up against supply barriers. Against these barriers the author forecasts that the mass-consumption economy would grind to a halt with untold economic, political and social implications.

4.15 The second critique was first presented in a 1978 GAMMA report entitled The Selective Conserver Society (Valaskakis, Sindell, Smith, 1978). Subsequently one of the authors noted that the essential rationale of the contemporary economy was growth in the gross supply of material goods.

The mountain of commodities even has its indicator: the gross national product (which to its detractors is getting grosser and grosser all the time). Growth in GNP is interpreted as an increase in the standard of living ... and therefore an increase in "happiness" (Valaskakis, 1980, 3).

4.16 He went on to note that this paradigm of gross material growth is not restricted to western economies.

It is also the basis of dialectical materialism and the economic determinism of certain forms of socialism. The difference between the capitalist and socialist viewpoints in this connection seems to lie not in the realm of objectives but in the realm of means to get to the objectives. In both systems, the improvement in overall well-being is inexorably linked to the improvement in material well-being (Valaskakis, 1980, 4-5).

4.17 To the author both "First World" and "Second World" economies share the inherent weaknesses of this "materialist" bias.

One of the principal weaknesses of our mass-consumption society is its apparent inability to discriminate between types of growth. Instead, through a sort of social genetic code, cities, factories, products, and individuals reproduce themselves in ever-increasing quantities, creating dangerous exponential paths of expansion for certain sectors of society at the expense of others. Growth for growth's sake leads to unbalanced growth (Valaskakis, 1980, 11).

4.18 The third critique is contained in a 1979 report to the Club of Rome entitled No Limits to Learning. The authors note that

we were all proud of a civilization highlighted by unprecedented scientific achievement, wonderful technology and a flood of mass-production which brought in its stride higher standards of life, the conquest of disease, undreamed of travel opportunities and instant audiovisual communications.

But it eventually began to dawn on us that by the indiscriminate adoption of this pattern we were all too often paying exorbitant social or ecological costs for improvements obtained, and were even induced to neglect the virtues and values which are the foundations of a healthy society and at the same time the very salt of the quality of life. Then came the creeping doubt that for all its greatness humanity lacked wisdom (Botkin, Elmandjra, Malitza, 1979).

4.19 The authors went on to note that the single most important natural resource on the planet was human learning and that this resource was significantly underutilized:

The elements through which all learning is mediated include language, tools, values, human relations and images... The present theory and practice of ... learning tends to elevate language at the expense of all other elements. Tools still receive some attention, but are often considered a second-class of instruments. The others are usually limited to those intrinsic to the status quo, human relations are dismissed as irrelevant, and images are seldom made explicit except in the arts (Botkin, Elmandjra, Malitza, 1979).

4.20 In the case of the first and second critiques, the fine arts serve to mitigate problems associated with the mass-consumption economy. In this sense the non-materialist and non-polluting arts can play a significant role in the transition from an economy based upon quantitative growth to an economy based upon qualitative growth.

If the arts are used as an educational tool, individuals in the future may choose less materialistic consumption patterns and life-styles as a result of taste development influence through the educational process (Shanahan, 1980, 8).

4.21 In the case of the third critique the arts are a critical element in the development of a "learning" economy. As pointed out by the authors of the same Club of Rome report

While images may be thought to pertain to individuals and to the inner, private life, they also exist at the societal level... The fact that collective images exist - and that perceptions can be shared - links societal to individual learning (Botkin, Elmandjra, Malitza, 1979).

#### The Evolutionary Scenarios

4.22 The second set of scenarios concern the progressive evolution of the contemporary economy to a higher state. The first scenario is contained in Daniel Bell's 1973 book entitled: The Coming Post-Industrial Society (Bell, 1973).

In that volume I sought to show how technology (including intellectual technology) and the codification of theoretical knowledge as a new principle for innovation and policy were reshaping the techno-economic order, and with it, the stratification of the society as well (Bell, 1976, xi).

In the most fundamental ways a post-industrial society begins to reshape all modern economies. The emphasis on education as the mode of access to skill and power, the role of technical decision, the conflict between skill groups and new elites (e.g., the scientific community and the military) all presage new kinds of difficulties for advanced Western societies (Bell, 1976, 199).

4.23 The role of the fine arts in the evolution of the post-industrial society is, according to Bell, critical. In fact he sees the fine arts as the most dynamic component of contemporary civilization. The fine arts have even provided the name for the agents of societal change in western economies, the *avante garde*.

4.24 The second evolutionary scenario is the "information economy" originally developed by Porat (Porat, 1977). According to this scenario technological change, specifically changes in information processing technology, has created a new type of economy which currently embraces more than 50% of all economic activity. There is a negative side to the information economy scenario as there is in the post-industrial society. The new information technologies through robotics and other new information technologies could result in wide-spread, long-term structural unemployment resulting in enormous economic, political and social costs.

4.25 The fine arts serve to further the emergence of the "information economy" in four ways. First, the fine arts, together with the pure sciences, represent the most information rich form of production and consumption in an information economy. Second, the commercial arts represent the largest single component of final demand by the general public in an information economy. Third, the fine and commercial arts are both information rich and labour intensive, an unusual and helpful combination in a capital intensive information economy threatened by wide spread unemployment. Fourth and finally, the amateur arts provide a high grade leisure activity which serves to define people by what they appreciate rather than how they earn a living. Self-worth based upon one's appreciation will serve to ameliorate social unrest generally associated with high levels of traditionally defined unemployment.

4.26 The third evolutionary scenario sees the emergence and evolution of a quaternary or fourth sector of the economy. In Second World or socialist economies, the National Accounts record only the activities of primary and secondary industries, i.e., farming, fishing, forestry, mining and manufacturing. Unlike First World or market economies, socialist countries do not report activities of tertiary industries, e.g., services including banking and finance.

4.27 However, even in market economies there remains a bias which sees physical production as productive but delivery of services as somehow unproductive. This bias is reflected in the treatment of public sector activity in

the National Accounts, i.e., an assumed input/output ratio of 1. A number of observers of the market economy have attempted to dispel this materialist bias.

Americans must unshackle themselves from the notion that goods alone constitute wealth whereas services are unproductive and ephemeral. At the same time, they should act on Smith's understanding that the wealth of a nation depends on the skills, dexterity and knowledge of its people (Ginzberg, 1981).

4.28 Increasingly, however, both market and socialist economies are recognizing through special fiscal and tax policies the existence of a quaternary sector engaged in the production and consumption of abstract goods and services. At present such goods and services include scientific and technical inventiveness, excellence in the arts, quality of life, community development, national unity, natural rights of the environment (Deloria, 1979) and other abstract, but highly valued aspects of contemporary life.

4.29 Quaternary commodities are highly valued by society. However, they cannot be readily marketed in the conventional sense of the word. Rather, they must be transformed through public mechanisms before value in exchange can be created, and thereby, free-riders excluded. In modern society, creative effort is transformed, and to a greater or lesser degree, protected from piracy through intellectual property legislation. In the natural sciences and engineering, legislation creates patents and registered industrial designs. In the arts, social sciences and humanities, legislation creates copyright and trade marks.

4.30 The goods and services produced in the quaternary sector are used as intermediate goods by the primary, secondary and tertiary sector. Quaternary inputs include new product and process technologies as well as managerial "know-how". In external trade the importance of these quaternary goods and services is measured by what is called "invisible exports". In the United States it has been invisible exports that have minimized the impact of enormous price increases in petroleum imports during the 1970s and 1980s.

These "invisible exports", preponderately the yield from human capacity, particularly organizational and managerial capabilities, nearly offset the increased expenditure for petroleum imports that put the foreign-exchange account \$7 billion in the red (Ginzberg, 1981).

4.31 The quaternary sector also includes the not-for-profit or voluntary sector where production of goods and services is motivated by charitable and hence abstract values such as the rights of the environment, community development, improved health care and education. Taken together the quaternary sector

Simply put, it is the expansion of knowledge, skills, imagination, ideas and insights of working people that creates the margins from which physical capital is accumulated, leading to productive investments to further accumulation of capital (Ginzberg, 1981).

4.32 The fine arts contribute to the emergence and evolution of the quaternary sector in three ways. First, the evolution of three of the four current forms of

intellectual properties legislation are affected by developments in the fine arts, i.e., copyright, trade marks and registered industrial design which form the legal foundations of the quaternary sector (Commons, 1957).

4.33 Second, the fine arts play a critical role in the education of taste both in production, through improved design, and in consumption, through enhanced appreciation.

4.34 Third, the fine arts are both highly abstract and labour intensive. They represent an employment efficient complement to capital intensive high tech industry. Furthermore, the amateur arts provide a high grade leisure activity which defines people by what they appreciate rather than how they earn a living. Self-worth based upon appreciation can ameliorate social unrest generally associated with high levels of traditionally defined unemployment. Fourth, the fine arts are part of the voluntary or charitable sector. Charitable and voluntary activity is motivated by abstract values such as improving the "social good", community development and help to the needy. Next to help to the poor and needy, philanthropic patronage of the fine arts is probably the oldest form of charity.

4.35 Fifth and finally, the fine arts maintain the linkage with our collective cultural heritage and thereby provide some sense of continuity in a period of turbulent transformation. They also provide artists and the general public with the opportunity for creative and emotionally satisfying applications of the new communications technologies which otherwise will be dominated by the linear, commercial rationality of business and government, i.e., the fine arts can put a human face on the new technologies. The artist will use these new technologies to create new forms of art but in the process will also create and develop a new generation of technologies in serendipitous response to the drive for artistic expression, not in causal response to the pursuit of productivity and profits.

4.36 The six scenarios of alternative economic futures share features in common. First, each suggests that simple gross increase in physical production will not be the central characteristic of the future economy. Second, each suggests that qualitative growth through production of abstract goods and services like "learning", "knowledge", "information" or "quaternary goods and services" will become the central focus of the future economy. Finally, in each scenario the fine arts can have a significant impact on the realization of alternative economic futures.

4.37 In conclusion, to the degree that the fine arts contribute to a higher quality of life, cultural identity and cultural pluralism, then to that degree they contribute towards a competitive economy with the prerequisite level of mutual understanding and tolerance required for people of different backgrounds to work productively together. Furthermore, the fine arts have a significant role to play in the realization of a wide range of alternative economic futures.



## SUMMARY

5.01 The monograph is intended as an assessment of the economic impact of the Canadian fine arts. In the institutionalist tradition, and in keeping with the phenomena under investigation, an inductive interdisciplinary method is used. Descriptive statistics and expert opinion are marshalled as evidence in contrast to model building and deduction of conventional economics.

5.02 Before reviewing the economic impact of the arts it is appropriate to consider the basis of artistic behaviour in order to provide an interdisciplinary foundation upon which economic impact can be assessed. The review is not definitive. Rather it is suggestive of theories and hypotheses concerning the nature of the arts as developed by scientists working in disciplines other than economics.

5.03 Interrelated hypotheses from four disciplines were considered, namely linguistic, neurophysiology, anthropology and psychology. Using Chomsky's analogy of language as a genetic but abstract organ the arts, in their creative and appreciative dimensions, are genetically "hard-wired" in humanity providing each person with an inherent artistic ability which interacts and develops with experience and exercise. Like other human faculties, the artistic ability is subject to specialization and division of labour which leads to a complexity of disciplines and sub-disciplines comparable to that in the sciences.

5.04 Drawing upon the work of Canadian neurophysiologist Wilder Penfield, among others, Julian Jaynes argues that the left-lobe speech centres, which are dominant in contemporary humanity, are paralleled by right-lobe speech centres which were, once upon a time, the active and dominant centres of consciousness. In past human societies Jaynes argues that the right-lobe centres were active forming a distinct type of consciousness he calls "the bicameral mind". According to Jaynes the speech centres of the right-lobe when activated in contemporary humanity are the source of St. Joan's "voices" as well as the artist's Muse.

5.05 Anthropologist Desmond Morris believes that it is the human awareness of the aesthetic combined with the uniquely human and physical capacity of manual dexterity that make the arts possible. He notes that among the primates the human hand is a highly specialized organ capable not only of a crude power grip but also a delicate precision grip which in combination with the rich nerve endings in the finger-tips permits the production of all the fine detail characteristic of the arts.

5.06 According to psychologist Carl Jung there are four functions of the human psyche - thinking or intellect, intuition, feeling and sensation. Each represents a different "way of knowing" which have distinct units of measure. In the sciences the intellectual function is invoked and the unit of knowing is "concepts" which are used to differentiate between "true" and "false" statements. In the arts and humanities the feeling function is invoked and the unit of knowing is "precepts" which are used to distinguish between "good" and "bad", "beautiful" and ugly".

5.07 Jung also established that there is a clearly recognizable system of psychic "archetypes" which embody "preceptual knowledge" and which are the common inheritance of all humanity. Archetypes crystallize out of the unconscious during the psychic development of the individual as well as in myth, fairy tales and the arts of cultures throughout time. The system of archetypes includes such figures as the "Wise Old Man", the "Hero", the "Princess", the "Witch", the "Great Mother" and the "Trickster" which appear in the myths of all peoples, in the dreams of modern humanity and which form the major themes of most great works of art.

5.08 For purposes of the monograph it is assumed that the contemporary arts include the fine, the commercial and the amateur arts which collectively are called the Canadian arts industry. Each art activity is intimately interrelated. The amateur arts in actualizing the talents and abilities of the individual citizen provide an educated audience and initial training for the fine and the commercial arts. The fine arts in the pursuit of artistic excellence as an end in and of itself provide research and development for the commercial arts. The commercial arts in the pursuit of profit provide the means to market and distribute the best of amateur and fine art to an audience large enough to earn a profit.

5.09 It is also assumed that there are four distinct types of economic impact which successively spread further and further out into the economy like ripples from a stone thrown into a pond. The four types of impact include direct and quantitative, indirect and quantitative, direct and non-quantitative and indirect and non-quantitative. Two types of evidence are presented, descriptive statistics and the expert opinion of social scientists, humanists and business experts.

#### **Primary Impact**

5.10 The primary economic impact of the fine arts concerns their direct and quantifiable contribution to the national economy through production, consumption, employment and capital investment. Compared to the 20 largest manufacturing industries during 1980 the arts industry was the 11th largest with revenue of \$7 billion; the 4th largest with full-time equivalent employment of 146,000; and the 6th largest with salaries and wages of \$2.3 billion. Revenues amounted to 2.4% of Gross National Product in 1980. It is estimated that the fine arts generated at least \$250 million in direct economic activity.

5.11 In 1981 Canadians out-of-pocket spent \$5.2 billion on arts industry activities including tickets to movies and other commercial cultural activities, museums, art galleries, live dance, music, theatre and private tuition for painting, music and dance lessons. Personal cultural expenditure amounted to 1.2% of Gross National Expenditure or \$189 per capita. Personal expenditures exclude government and corporate support of \$2 billion to arts industry activities.

5.12 The fine arts audience is made up of two distinct segments. The first is the "box office" audience. The second is the "merit audience" which includes governments and private sector donors. Between 1981 and the year 2000 the fine arts audience is forecasted to double from 3,902,000 or 34% of the labour force to 6,657,000 or 45% of the labour force.

5.13 Another indication of growing demand for the arts is participation rates in alternative leisure time activities. Between 1977 and 1985 the adult population is projected to grow at an average annual rate of 1.6%. Participation in fine arts activities is projected to grow significantly faster than other leisure activities. Attendance at museums and art galleries will grow at an average annual rate of 2.6%; use of libraries at 2.4%; and attendance at live theatre at an average annual rate of 2.1%. Attendance at sports events will increase at an average annual rate of 1.3%, and television viewing at 1.4%.

5.14 The corporate sector is, to a great extent, the true successor to the Di Medici as patrons of the fine arts. Corporate cultural donations increased from \$3.2 million in 1972 to \$12 million in 1981, or 16% of total corporate charitable

donations. The private sector was the primary supporter of Canadian music and opera companies in 1980. The corporate sector also provided a growing but undetermined amount of support through sponsorships of fine arts events through their advertising rather than donations budget.

5.15 Support to culture by federal, provincial and local governments grew from \$139 million in 1969-70 to \$798 million in 1979-80 measured in constant 1971 dollars. As a per cent of consolidated tri-level gross general expenditure, culture increased from 0.5% in 1969-70 to 0.7% in 1979-80. Measured in constant 1971 dollars, tri-level cultural expenditure per Canadian nearly doubled from \$7.46 in 1969-70 to \$14.80 in 1979-80, or \$33.64 in current 1980 dollars. A new arts funding source developed during the 1970s was lotteries, both government and private non-profit operated. It is estimated that in 1982-83 lotteries provided \$73 million current dollars in support to the amateur, the fine and the commerical arts.

5.16 On a comparative 1971 basis between 1971 and 1981 the arts industry labour force increased 58% from 150,080 to 236,610. In 1981 the arts industry had a total labour force of 234,280 or 2% of the total labour force. Of this total 52% were men and 48% were women. Women in the arts industry represented 3% of all women in the labour force. Artists made up 24% of the arts industry labour force, other arts-related occupations such as librarians, camerapersons and projectionists 18%, arts administrators represented 8% and support personnel 50%.

5.17 Between 1971 and 1981 the arts labour force, as distinct from the arts industry labour force, increased 74% from 156,455 to 272,640. Only 35% of the arts labour force worked in the arts industry. Between 1971 and 1981 the number of artists in the labour force increased 102% from 65,445 to 131,930 or more than two and a half times faster, in relative terms, than the total labour force. As a per cent of the total labour force, artists increased from 0.8% in 1971 to 1.1% in 1981.

5.18 In 1981 artists represented 0.8% of the adult population. However, artists represented 1.1% of employed Canadians and only 1% of unemployed Canadians. In 1981 artists had an average unemployment rate of 6% compared to 7% for the labour force as a whole. Artists were significantly better educated than the Canadian labour force as a whole. Only 48% of the labour force had some post-secondary education or more, but 73% of artists had some post-secondary education or more. Similarly artists were, on average, younger than the labour force as a whole. Approximately 60% of artists were between 15 and 34 years of age but only 53% of the labour force was between 15 and 34 years of age.

5.19 In 1981 there were 20,000 self-employed artists. Self-employed artists were second only to pensioners as the lowest paid National Revenue occupational classification. On average, no fine arts profession such as dancer, musician or actor provides a working season of sufficient length or with sufficient salary for an employee to support a family of four above the poverty line.

5.20 Overall occupational requirements are forecasted to grow by 28% between 1979 to 1985. Occupational demand in the arts is forecasted to grow by an average of 33% and by as much as 45% in the case of actors. Artistic occupational requirements are the fastest growing of any occupational group.

5.21 A 1980 comparison of the twenty largest manufacturing industries and the performing arts reveals that of every revenue dollar earned by manufacturing companies only 20¢ was spent on salaries and wages. In the performing arts, on the other hand, 66¢ of every revenue dollar was spent on salaries and wages. Given that average wages in the arts are less than half those in manufacturing, the employment advantage of the arts is at least six-to-one. Furthermore the fine arts

provide meaningful employment with a high level of personal satisfaction despite the fact that artists are second only to pensioners as the lowest paid occupational category recognized by Revenue Canada.

5.22 Like all industries the arts industry is based upon a complex network of invested capital including facilities, repertoire and technology. Facilities in the fine arts includes distribution, exhibition, offices, performing, production, storage and training facilities "guesstimated" to be worth billions of dollars. These facilities spread out across the country in a hierarchy of regional and national centres of excellence which collectively constitute Canadian civilization.

5.23 The creative artist is the wellspring of artistic growth and development. However, the contemporary creative artist is engaged in a permanent struggle with his predecessors and foreign colleagues. There is accordingly an existing repertoire of works bequeathed to the present by the past and by foreign sources as well as a flow of new indigenous works created in the present, some of which will pass the test of time. In the contemporary economy the ability of an artist to market new works depends on copyright and neighbouring rights legislation.

5.24 The new communications technologies have four interactive implications with the fine arts. First, in the midst of the current communications revolution the fine arts serve to maintain the linkage with our collective cultural heritage and thereby provide some sense of continuity in a period of turbulent transformation. Second, the fine arts provide a cost effective testing ground for artistic products and services before they can be commercially exploited through the new communications technologies.

5.25 Third, the fine arts provide artists, and thereby the general public, with the opportunity for creative and emotionally satisfying applications of the new technologies which otherwise will be dominated by the linear, commercial rationality of business and government, i.e., the fine arts can put a "human face" on the new technologies. Finally, as in the Renaissance, the artist uses the new technologies to create new forms of art but in the process will also develop a new generation of technologies in serendipitous response to the artistic motive.

#### **Secondary Impact**

5.26 Secondary economic impact of the fine arts concerns their indirect but quantifiable contribution to the national economy. This includes the "income multiplier effect" of artistic spending; the contribution of the fine arts to the design and marketing of consumer goods and services; the contribution of the fine arts to industrial location; and the contribution of the fine arts to the external balance of trade.

5.27 It is estimated that the income multiplier effect of the Canadian arts industry was at least \$14.7 billion in 1980 or approximately 5% of Gross National Expenditure. The income multiplier effect of the fine arts in 1980 was at least \$804 million.

5.28 After industrial products work well, people want them to be attractive. Good product design depends not only on the availability of artists but also on the depth and quality of a nation's artistic tradition. When the design advantage of European producers is combined with the wage advantage of Third World or "off-shore" producers, then the Canadian manufacturer is left with a narrowing "mid-range" market. While improved productivity through robotics and other technical

means may lower domestic costs of production, it is only through improved design that Canadian producers will break into the upscale consumer goods market and displace European producers in domestic and world markets.

5.29 In addition to the role of the arts in the design of consumer goods the arts also play a critical role in their marketing. Advertising involves application of the literary, media, performing and visual arts to inform and attract consumers and thereby to increase sales of goods and services. In 1977, the last year for which data are available, some 300 advertising agencies had total advertising billings and fees for market research and studies of more than \$1 billion, and gross operating revenue of \$168 million.

5.30 In addition to their role in design and advertising, the fine arts also serve as a major market research instrument for the corporate sector. The upscale fine arts audience is an increasingly important market for the corporate sector which is increasing its sponsorships of fine arts activities at a rapid rate.

5.31 The trend for companies to determine industrial locations according to a community's amenities has been amplified by the shift from traditional "smokestack" manufacturing towards high tech industries. To attract and retain scarce, highly trained workers, companies and communities must offer an attractive quality of life including the fine arts.

5.32 The fine arts also play a role in urban revitalization. First, fine arts facilities and activities tend to draw large numbers of people from the suburbs and tourists which in turn support business development. Second, the fine arts also revitalize urban centres through "artists' colonies" which are concentrations of artists living in a given neighbourhood. Low incomes force most artists to live in the cheaper areas of a community. However, when they concentrate in such areas they tend to change the ambiance and image of the neighbourhood leading to the "gentrification" of what were formally run down areas of a community.

5.33 The fine arts serve to improve the Canadian balance of payments in three ways. First, Canadian fine arts products and services are substitutes for foreign cultural products. Second, the fine arts, through festivals and the international success of Canadian artists and artistic enterprises, attract increasing numbers of foreign tourists with a resulting increase in invisible exports.

5.34 Third, with the retirement of military force as a mechanism of international competition, at least among First World countries, the arts and culture in general have become a preferred instrument of geo-political competition. In this international competition the fine arts serve to define Canadian standards of excellence in world markets and to project the Canadian image abroad. In this sense, the non-profit fine arts are a "loss leader", i.e., a product sold at a loss to encourage the sale of other, more profitable goods and services. Furthermore the fine arts have a significant role to play in mitigating the current deficit in transborder data flows.

### Tertiary Impact

5.35 Tertiary economic impact of the fine arts concerns their direct but non-quantifiable contribution to the national economy. This includes the contribution of the fine arts to industrial invention, innovation and diffusion, productivity and their contribution towards a diversified industrial structure and volunteerism.

5.36 The fine arts foster and promote an innovative psychological and social climate in which invention and innovation can more readily occur. They sensitize entrepreneurs, managers and employees to the context of change and enhances their ability to respond to change in a positive and constructive manner.

5.37 The fine arts in the work place increase worker motivation and hence productivity. The fine arts are also employment efficient and are able to absorb some workers displaced by technological change as well as some young people entering the labour force for the first time.

5.38 The fine arts play a significant role in maintaining a diversified industrial structure. In high tech and other industries increasing recognition is being given to the need for small entrepreneurial business enterprise to more effectively cope with rapid technological change. The arts industries in general, and the fine arts in particular, were the first major industry to adopt such an industrial structure. They can serve as a case study for the design and operation of such small entrepreneurial business enterprises.

5.39 The fine arts organization with a volunteer board of directors, a professional artistic director, an administrative director, artists, technical support personnel and volunteer auxiliaries is a unique experiment in social mobilization which can benefit many sectors of the future economy.

#### **Quaternary Impact**

5.40 Quaternary economic impact of the fine arts concerns their indirect and non-quantifiable contribution to the national economy. This includes the fine arts contribution to quality of life, cultural identity and pluralism and have a significant role to play in the realization of a wide range of alternative economic futures.

5.41 The fine arts make a major contribution to a high quality of life which is both an end towards which all economic activity is ultimately directed and which, as a means, feeds back as a major force in promoting a highly motivated and conscientious work force with all the attendant implications for economic growth and productivity.

5.42 The fine arts, by uniting people in celebration of their common heritage, forge lasting ties among people who ordinarily would be divided by race, age, religion or income barriers. To the degree that the fine arts contribute to such ties, then they contribute to the development of a more co-operative economy.

5.43 The fine arts contribute to three dimensions of cultural pluralism including psychological diversity among individuals, diversity of life-styles and tolerance of alternative life-styles. To the degree that the fine arts contribute to cultural pluralism they contribute to the development of a competitive economy with a prerequisite level of tolerance required for people of different backgrounds to work productively together.

5.44 Six alternative economic futures including the limits to growth, no limits to learning, the conserver society, the post-industrial society, the information economy and the quaternary sector reviewed in the monograph have certain features in common. First, each suggests that gross increase in production will not be the central characteristic of the future economy. Second, each suggests that qualitative growth through production of "learning", "knowledge", "information" or "quaternary goods and services" will be the central focus of the future economy. Finally, in each scenario the fine arts have a significant impact on the realization of alternative economic futures.

## FOOTNOTES

- (1) Bell, D., The Cultural Contradictions of Capitalism, Basic Books, NY., 1976. With respect to process art, Bell quotes Harold Rosenberg:  
Aesthetic withdrawal ... legitimizes "process" art ... the finished product, if any, is of less significance than the procedures that brought the work into being and of which it is the trace (Bell, 1976, 126).
- (2) Martin, B., A Sociology of Contemporary Cultural Change, Blackwell, Oxford, 1981. The theme of the "Expressive Revolution" suggested by Bell is more fully developed in Bernice Martin's excellent book where she notes:  
In sum, then, the gist of my thesis is that the extravagant counter-culture of the 1960s was largely a medium of cultural transmission and transformation. It drew attention to, and familiarized the wider society with, a range of expressive values, symbols and activities by showering them forth in their most extreme and dramatic form. The process of the 1970s has been to shift the various cultures and subcultures to accommodate an expansion of expressive possibilities inside their various styles (Martin, 1981, 24).
- (3) Garnham, N. "Towards a Political Economy of Culture", New Universities Quarterly, Summer, 1977. Garnham quoting from a Pentagon strategic research study:  
Upon this ever-shrinking globe all societies and all cultures are involved in an inevitable struggle for pre-eminence and survival. Those who shape tomorrow's world will be those who can project their image in order to exercise a dominating influence and long-range control. If we wish our values and style to triumph, we are forced to compete with other cultures and other centres of power.
- (4) Canada Council: The legitimacy of the fine "media arts" as a distinct art form was recognized by the Canada Council in 1982-83 when a new Media Arts Section was created. This new section is responsible for experimental film and video, and for what is known as "integrated media" which embraces experimental efforts to harness the new information technologies to artistic expression.
- (5) Economic Council of Canada, The Bottom Line, Ottawa, 1983. Productivity increases in "Communications" and "Amusement and Recreation", the closest proxies of the arts industry, were second and third highest of 40 industries between 1961 and 1978 reviewed by the Economic Council.



## REFERENCES

- Adizes, I., "Boards of Directors in the Performing Arts: A Managerial Analysis", California Management Review, Winter 1972.
- Applebaum, L., J. Hebert, Report of the Federal Cultural Policy Review Committee, Department of Communications, Ottawa, 1982
- Audley P., Canada's Cultural Industries, Lorimer, Toronto, 1983.
- Babe, R., Slayton P., Competitive Procedures for Broadcasting - Renewal and Transfers, Communications Canada, Ottawa, Sept. 1980
- Backerman, S., Arts Means Business, Social Planning Department, City of Vancouver, March 1983.
- Barron, F., "Canada Art Bank Catalogue", Government & the Arts, Washington, D.C., Vol. IV, No. 8, p.10, 1983.
- Baumol, H., W. Baumol, "On Finances of the Performing Arts during Stagflation: Some Recent Data", Journal of Cultural Economics, Vol. 4, #3, pp. 1-14, December 1980.
- Baumol, W.J., W.G. Bowen, The Performing Arts: The Economic Dilemma, Twentieth Century Fund, NY, 1966.
- , M.I. Oates, "The Economics of Theatre in Renaissance London", Swedish Journal of Economics, Vol. 74, 1972, pp. 136-180.
- , M.I. Oates, "The Economics of Theatre in Renaissance London", Scandinavian Journal of Economics, Vol. 78, 1976, p. 116.
- Bell, D., The Coming Post-Industrial Society, Basic Books, NY, 1973.
- , The Cultural Contradictions of Capitalism, Basic Books, NY, 1976.
- Berleant, A., "Surrogate Theories of Art", Philosophy and Phenomenological Research, University of Buffalo, Dec. 1969, #2, Vol. XXX, pp. 163-185.
- Black, M., Report of the Committee of Inquiry into Theatre Training in Canada, Canada Council, Ottawa, 1977.
- Bladen, V., The Financing of the Performing Arts in Canada, Canada Council, Ottawa, 1971.
- Blume, H., A National Music School for Canada, Canada Council, Ottawa, 1978.
- Botkin, J., M. Elmandjra, M. Malitza, No Limits to Learning: Bridging the Human Gap - A Report to the Club of Rome, Pergamon, Toronto, 1979.
- Bourgault, L., Director General, Training, Department of Employment & Immigration, Ottawa, Sept. 23, 1983.
- Boulding, K.E., "Toward the Development of a Cultural Economics", Social Science Quarterly, Vol. 53, No. 2, Sept. 1972, pp. 267-284.
- Britton, J., J. Gilmour, The Weakest Link, Science Council of Canada, Ottawa, 1978.
- Bruce, I., et al, Patronage of the Creative Artist, Artists Now, London, United Kingdom, 1974.
- Business Week, "Marketing: The New Priority - A Splintered Mass Market Forces Companies to Target their Products", Nov. 21, 1983.
- Butler, J., Art as Investment, The Economist Intelligence Unit, London, Dec. 1979.
- Canadian Film Certification Office, 100% Capital Cost Allowance for Certified Canadian Film and Videotape: Review of the Certification Program, Secretary of State, Ottawa, July, 1980.
- CBS Evening News, August 18, 1983.
- Carey, J.W., "Culture, Geography, and Communications: The Work of Harold Innis in an American Context", in Melody, W., L. Salter, P. Heyer, eds., Culture, Communication and Dependency: The Tradition of H.A. Innis, Ablex, Norwood, NJ, 1981.
- Chartrand, H.H., The Industrial Organization of the Performing Arts, Futures, Ottawa, 1977.

- , The Canadian Cultural Industries, Futures, Arts Research Monograph #3, Ottawa, Oct. 1979a.
- , Federal Job Creation & the Arts, Arts Research Monograph No.1, Futures, Ottawa, September 1979b.
- , Social Sciences & Humanities Research Impact Indicators, Futures, Ottawa, January 1980.
- Chartrand, H.H., J. Ruston, Lotteries and the Arts: The Canadian Experience 1970 to 1980, Research & Evaluation, Canada Council, Ottawa, July 1982.
- Chomsky, N., Interview with Noam Chomsky, OMNI, November 1983
- Commons, J.R., The Legal Foundations of Capitalism, University of Wisconsin Press, Madison, Wisconsin, 1957.
- , Institutional Economics, University of Wisconsin, Madison, 1959.
- Communications Canada, A special program of cultural initiatives, Ministry of Supply & Services, Ottawa, 1980.
- Corbin, H., Avincenna and the Visionary Recital, Spring Publications, University of Dallas, Dallas, 1980.
- Cordell, A., "Work and Working in the Information Age", Agenda, Vol. 5, No. 1, Spring 1982.
- Crean, S., "Video Trouble", Books in Canada, Aug/Sept 1982, pp. 11-13.
- Czeszak, A., "TBDF: Transborder Data Flow", Impulse, Vol. 10, No. 1, 1982.
- Davies, R., "Jung and the Theatre", in One Half of Robertson Davies, Macmillan, Toronto, 1977.
- Deloria, V., The Metaphysics of Modern Existence, Harper & Row, NY, 1979.
- Dunton, D., The National Theatre School, Canada Council, Ottawa, 1982.
- Economic Council of Canada, The Bottom Line, Ottawa, 1983.
- The Economist, "The notes that come in wads", June 7, 1980, pp. 100-101.
- Edinburgh, A., "Curtain Up on Some World Class Performances", Financial Post, Winter, 1983-84.
- Edwards, B., Drawing Upon the Right-Side of the Brain: A Course in Enhancing Creativity and Artistic Confidence, J.P. Tarcher, Los Angeles, 1979.
- Fowler, H.W., F.G. Fowler, The Concise Oxford Dictionary of Current English, Clarendon Press, Oxford, United Kingdom, 1970.
- Fox, F., Brief Submitted to the Royal Commission on the Economic Union and Development Prospects for Canada, Department of Communications, Ottawa, Nov. 3, 1983.
- Freeman, C., Government Policies for Industrial Innovation, Ninth J.D. Bernal Lecture, Birkbeck College, London, May 23, 1978.
- Galbraith, J.K., Economics and the Public Purpose, New American Library, Toronto, 1973.
- Galbraith, J.K., "The Artist and the Economist: Why the Twain must Meet", The Times Higher Education Supplement, February 18, 1983.
- Garner, L., "Winston-Salem: Effects of Development of Cultural Policy and Arts Institutions", in Issues in Supporting the Arts, C. Violette, R. Taqqu, (ed), Graduate School of Business and Public Administration, Cornell University, Ithaca, NY, 1982.
- Garnham, N., "Towards a Political Economy of Culture", New Universities Quarterly, Summer, 1977.
- Ginzberg, E., Vojta, G., "The Service Sector of the U.S. Economy", Scientific American, March 1981, pp. 48-55.
- Glasgow, M., "The Concept of the Arts Council", in Essays on John Maynard Keynes, ed. Milo Keynes, Cambridge, United Kingdom, 1975.
- Grist, E.T., "Inflation and Cost Problems of Theatre", National Westminster Bank Quarterly Review, 1976, pp. 57-67.

- Hansen, F., "Hemispherical Lateralization: Implications for Understanding Consumer Behaviour", Journal of Consumer Research, June 1981.
- Holbrook, M.B., E.C. Hirschman, "The Experiential Aspects of Consumption: Consumer Fantasies, Feeling and Fun", Journal of Consumer Research, Sept. 1982.
- Hollis, S.M., "The Arts and Centre City Revitalization", in Issues in Supporting the Arts, C. Violette, R. Taqqu, (ed), Graduate School of Business and Public Administration, Cornell University, Ithaca, NY, 1982.
- Horst, W., T. Ritter, M. Webber, "Dilemmas in a general theory of planning", Policy Sciences, June 1973.
- House of Commons, Hansard, Nov. 2, 1983, pp. 28644-28651.
- Innis, H., Empire & Communications, University of Toronto Press, Toronto, 1950 & The Bias of Communications, University of Toronto Press, Toronto, 1951.
- Jantsch, E., Design for Evolution, Braziller, NY, 1975.
- Jaynes, J., The Origin of Consciousness in the Breakdown of the Bicameral Mind, University of Toronto Press, Toronto, 1978.
- Jeffri, J., "Making Money: Real Estate Strategies for the Arts", Journal of Arts Management and Law, Fall 1982.
- Joint Action Committee on Pay-TV and Satellite Policy, Programming for Performance, Ottawa, March 1980.
- Jung, C.G., Man and His Symbols, Aldus Books, London, 1964.
- Jung, C.G., Dreams, Bollingen Series, Princeton University Press, Princeton, 1974.
- Kahn, H., The Emerging Japanese Superstate: Challenge and Response, Prentice Hall, Englewood Cliffs, NJ, 1971.
- Kibbe, B., "Creative Workers, Cultural Industries and Technology in the United States", presented at the UNESCO Meeting on The Place and Role of Cultural Industries in the Cultural Development of Societies, Montreal, June 9-13, 1980.
- Kirby, W., The Canada Council Art Bank Catalogue, Canada Council, Ottawa, January 1983.
- Kirkland, L., "Where Labor Stands", American Art, May 1982.
- Koizumi, T., "Traditional Japanese Religion and the Notion of Economic Man", Journal of Cultural Economics, Vol. 1, No. 2, p. 35-46, Dec. 1977.
- Labelle, H., Under Secretary of State, Secretary of State, in an address delivered to the First Grantors' Conference, Toronto, Nov. 2, 1981.
- Layard, J., A Celtic Quest: Sexuality and Soul in Individuation, Spring Publications, Zurich, 1975.
- Lemieux, R., D. Young, The National Theatre School, 1960 - 1980, A Survey of Former Students, Research & Evaluation, Canada Council, Ottawa, 1981;
- Reagan, B., Canada's Professional Actors and Actresses: A Report on the 1980 Survey of Actors and Directors, Statistics Canada, 1982.
- Leibenstein, H., "Microeconomics and X-efficiency theory: If there is no crisis there ought to be", in The Crisis in Economic Theory, D. Bell, I. Kristol, ed., Basic Books, NY, 1981.
- Leroy, D., Economics of the Live Performing Arts: An Essay on the Relation between Economics and Aesthetics, Economica, Paris, 1980.
- Liberal Party of the United Kingdom, The Arts, Artists and the Community, The Liberal Manifesto for the Arts, London, United Kingdom, December 1982.
- Litwick, N.H., Urban Canada: Problems and Prospects, CMHC, Ottawa, 1970.
- Lyon, S.D., M.J. Trebilcot, Public Strategy and Motion Pictures, Ontario Economic Council, Toronto, 1982.
- McFayden, S., C. Hoskins, D. Gillen, Canadian Broadcasting: Market Structure and Economic Performance, Institute for Research on Public Policy, Montreal, 1980.

- McLuhan, M. "The Eye and the Ear and the Hemispheres of the Brain", Futures Canada, Vol. 2, No. 4, 1978.
- Mann, P.H., The Audience for Orchestral Concerts, Arts Council of Great Britain, London, 1975.
- Martin, B., A Sociology of Contemporary Cultural Change, Blackwell, Oxford, 1981.
- Mayer, R.R., Social Science and Institutional Change, University of North Carolina, Chapel Hill, January 1978.
- Meadows, D., The Limits to Growth, Potomac Books, NY, 1972.
- Menosky, J., "Video Graphics and Grande Jetes", Science, May 1982, pp. 25-82.
- Meyer, L.B., "Concerning the Sciences, the Arts and the Humanities", Critical Inquiry, Vol. 1, No. 1, Sept. 1974, pp. 163-217.
- Minister of Manpower & Immigration, Canadian Classification & Dictionary of Occupations, Queen's Printer, Ottawa, 1974 plus subsequent supplements.
- Moore, M., Host, CBC Performance, CBC Television, Aug. 18, 1983.
- Morris, D., "Art & Religion", The Human Race, Thames TV, UK, 1982.
- Neumann, E., Amour and Psyche, Bollingen Series, Princeton University Press, Princeton, NJ, 1956.
- Nevitt, B., "Futures Past and Present", Canadian Futures, Vol. I, #2, pp. 7-12.
- Padfield, C., The Performing Arts in Edmonton - A Survey of Selected Audiences, University of Alberta, Edmonton, 1980.
- Pasquill, F.T., Subsidy Patterns for the Performing Arts in Canada, Canada Council, Ottawa, 1973.
- Patton, M., Director of Life Sciences at NASA's Ames Research Centre quoted in the Globe & Mail, "Psychology gives a lift to Soviets' Spacemen", 8/10/83, pp. 1 - 2.
- Peacock, A., "Public Patronage and Music: An Economist's View", Three Banks Review, March, 1968.
- Peacock, A., E. Shoesmith, G. Millner, Inflation and the Performed Arts, Arts Council of Great Britain, London, August 1982.
- Penfield, W., L. Roberts, Speech and Brain Mechanisms, Princeton University Press, Princeton, NJ, 1959
- , Mysteries of the Mind, Princeton University Press, Princeton, NJ., 1975.
- Perloff, H., The Arts in the Economic Life of the City, American Council for the Arts, NY, 1979.
- Philip Morris Inc. and the National Endowment for the Arts, Americans and the Arts, American Council for the Arts, NY, 1980
- Porat, M.U., The Information Economy, US Department of Commerce, Washington DC, 1977.
- Research & Evaluation, A Short-Hand Technique for Estimating the Economic Impact of the Performing Arts, Canada Council, March 1982.
- Research & Evaluation, Selected Arts Research Statistics (SARS), Canada Council, Ottawa, April 1983a.
- Research & Evaluation, Organization Grant Inventory, Canada Council, Ottawa, May 1983b.
- Research & Evaluation, A Canadian Dictionary and Selected Statistical Profile of Arts Employment 1981, Canada Council, Ottawa, January 1984.
- Richards, C., "Computer Culture", Agenda, Science Council of Canada, Vol. 5, No. 1, Spring 1982, pp. 17-21.
- Ross, D.P., Some Financial and Economic Dimensions of Registered Charities and Volunteer Activity in Canada, Social Trend Analysis Directorate, the Secretary of State, Ottawa, January 1983.
- Sagan, C., The Dragons of Eden, Balantine, NY., 1977.
- Sanger, D.E., "Waging a Trade War Over Data", New York Times, 13/3/83, p. F-1.

- Scitovsky, T., The Joyless Economy, Oxford University Press, London, 1976.
- Sears, V., "Task force on information has zip to say", Toronto Star, 11/10/83.
- Sellner, J.B., "The Arts and Business: Partners in the Economy", in Issues in Supporting the Arts, C. Violette, R. Taqqu, (ed), Graduate School of Business and Public Administration, Cornell University, Ithaca, NY, 1982, p. 17.
- Shanahan, J., "The Arts & Urban Development". in The Arts & Urban Development: Critical Comment and Discussion, W.S. Hendon, ed., Center for Urban Studies, University of Akron, Aug. 1980.
- Smith, P.K., "Theatre Boards and the Business of Art", Performing Arts, 1982.
- Statistics Canada, Corporations & Labour Union Returning Act, Part II: Labour Unions, Minister of Supply & Services, Ottawa, Cat. 71-202S.
- Statistics Canada, The Canadian System of Government Financial Management Statistics, Information Canada, Sept. 1972, Cat. 68-506.
- Statistics Canada, Market Research Handbook, 1981, Minister of Supply & Services, Ottawa, June 1981, p. 88.
- Statistics Canada, Census metropolitan areas and census agglomerations, and components, Minister of Supply and Services, Ottawa, 1982a.
- Statistics Canada, Motion Picture Theatres & Film Distributors, Minister of Supply & Services, Ottawa, 1982b, Cat. 63-207.
- Steiner, G., "The city under attack", Ekistics, December 1976.
- Stinson, M., "Despite recent decline, tourism remains major force", Globe & Mail, Aug. 22, 1983, B-14.
- Suzuki, D.T., Zen and Japanese Culture, Bollingen Series, Princeton University Press, Princeton, NJ, 1959.
- Tigert, D., C. King, L. Ring, "Fashion Involvement: A Cross-Cultural Comparative Analysis", Advances in Consumer Research, Proceedings of the Association for Consumer Research, Tenth Annual Conference, San Francisco, Vol. VII, 1979, pp. 17-21.
- Toffler, A., "The Politics of the Impossible: Art and Society", in A Great Society?, B. Gross, ed., Basic Books, NY, 1968.
- Toffler, A., "Toffler sees industrial breakup", Globe & Mail, May 3, 1979, B-2.
- Touche Ross & Co., Federal Tax Issues of Concern to the Arts Community in Canada, (The Disney Report), Department of the Secretary of State, Ottawa, 1978.
- Touche Ross & Co., Income Tax Issues of Concern to Artists in Canada, Canada Council, Ottawa, February, 1984.
- Tullock, G., "Comment: The Economics of Theatre in Renaissance London", Scandinavian Journal of Economics, Vol. 78, 1976.
- United Nations Centre on Transnational Corporations, "Transnational corporations dominate transborder data flows", Intermedia, May 1982, pp.48-55.
- Valaskakis, K., P.S. Sindell, J.G. Smith, The Selective Conserver Society, Vol. 1, GAMMA, Montreal, 1978.
- Valaskakis, K., The Big Rock Candy Mountain: A Paradigm of the Values of the Mass-Consumption Society, United Nations University, Japan, 1980.
- Valaskakis, K., Social Change and the Future: The Need for New Paradigms, GAMMA, Montreal, 1981.
- Vichert, G., Policy Adviser, Saskatchewan Ministry of Youth & Culture in a seminar at the First Grantors' Conference, Toronto, Nov. 2, 1981.
- Vickers, G., "The Weakness of Western Culture", Futures, December 1977.
- Weisbrod, B., The Voluntary Nonprofit Sector, Lexington Books, Toronto, 1977.
- Wilhelm, R., I Ching: The Book of Change, Bolligen, Princeton, NJ, 1967.
- Wilhelm, R., Jung, C.G., The Secret of the Golden Flower, Routledge and Kegan Paul, London, 1931.
- Zimmer, H., Philosophies of India, Bolligen Series, Princeton University Press, Princeton, NJ, 1951.





3 1761 11465497 3

